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AFFORDABILITY

101 Policy Proposals to Promote Affordability

ADVANCING AMERICAN FREEDOM

FOREWORD

Affordability is the defining economic issue of this Congress—and one of the defining political battlegrounds heading into November.

Americans are beyond frustrated. Families are paying more for groceries, housing, energy, health care, and nearly every other necessity. Young people increasingly wonder whether they will ever buy a home. Parents are watching more of every paycheck disappear into monthly bills while retirees are stretching already fixed incomes to the breaking point.

Everyone agrees that we have an affordability problem.

The real debate is over what to do about it.

For years, progressives have offered the same answer: more government. When housing becomes too expensive, subsidize it or control rents. When health care costs rise, expand government programs. When families struggle with higher prices, send them checks. When markets fail to produce instant gratification, impose new mandates, regulations, taxes, and controls.

Tragically, populists on the right are embracing a similar approach—turning to tariffs, subsidies, industrial policy, and other forms of government intervention to direct the economy.

We've tried these ideas before.

We know where they lead.

Government cannot make life more affordable by making things more expensive to produce. It cannot create abundance by restricting competition. And it cannot solve the consequences of too much spending with still more spending. Math and basic economics remain undefeated.

There is a better way.

Affordability is ultimately about whether Americans can still afford what previous generations considered the American dream: getting married, raising children in a safe home, meeting the needs of a family, and striving for bigger dreams that are still within reach.

The most durable way to make life more affordable is remarkably straightforward: make it easier to produce more.

Build more homes. Produce more energy. Encourage more businesses to compete for customers. Give patients more health care choices. Let workers enter professions without unnecessary government barriers. Encourage investment and innovation. Let families decide how to spend more of their own money.

That is the philosophy behind Affordability 101.

The proposals in the pages that follow apply the enduring principles of economic freedom and limited government to the urgent affordability challenges Americans face today.

Conservatives will win the affordability debate—if we lead with bold, proven policy solutions. But we cannot win by offering a watered-down version of the left's government-first agenda. We should offer a fundamentally different agenda. A proven conservative agenda that expands supply, competition, choice, and opportunity.

The American people don't need more empty Washington promises to cope with an unaffordable economy. They need Washington to get out of the way to make America affordable again.

Sincerely,

Tim Chapman
President
Advancing American Freedom

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INTRODUCTION

In late 1979, the nation was mired in more than 12% annual inflation, over three times higher than today. Mortgage rates were near 13%, about double what they are now. And America's affordability issues were only getting worse. To some, the nation's future looked bleak in those years shortly after America's 200th birthday. When Ronald Reagan announced his candidacy for the 1980 Republican nomination for President, he recognized and acknowledged the challenges Americans faced in dealing with the nation's worst-ever affordability crisis. In his speech, Reagan remarked that as the cost of living kept going up, the standard of living kept going down. But Reagan's speech didn't just dwell on the problems America faced. He offered hopeful solutions after first correctly diagnosing the source of most of those economic problems: a federal government that overspent, overtaxed, and overregulated.

Reagan brimmed with optimism, despite the scope of America's challenges in the late 1970s. In his speech he told Americans that they had a rendezvous with destiny, and he referred to America as a "shining city on a hill" that the eyes of the world looked to. Reagan tapped into America's inherently optimistic spirit, saying, "Someone once said that the difference between an American and any other kind of person is that an American lives in anticipation of the future because he knows it will be a great place." Having lived through the Great Depression, Reagan had seen America at a low point before, and, as he put it, he had also seen the great strength of the nation as it pulled itself up from that ruin.

Knowing that America had faced greater challenges in the past and turned things around gave Reagan optimism about the future, and it should be a source of optimism for us today. We also have hindsight to see the successes of Reagan's economic program. His election and presidency didn't solve all of America's problems, but it's fair to say that in eight years under Reagan between 1981 and 1989, America succeeded in pulling itself up from the economic ruin of the 1970s.

The limited-government, conservative principles that guided Ronald Reagan and America out of double-digit inflation and economic stagnation in the 1970s should still serve as a North Star for lawmakers trying to tame inflation and bolster the economy. The United States of 2026 is not the same as the United States of 1981, so even though the core principles endure, the playbook will look different. *Affordability 101* offers a playbook with 101 policy solutions to make life more affordable in 2026 and beyond.

Conservatives should support policies that are consistent with economic freedom and limited government, not only for ideological reasons, but because the free-enterprise system has proven to be the most effective system ever devised at ensuring that people can afford life's necessities and the goods and services that enrich our lives.

Affordability 101 organizes its policy solutions into 10 chapters consistent with the principles of economic freedom and limited government:

1. Consumer Choice;
2. Abundant Energy and Natural Resources;
3. Freedom to Work;
4. Freedom to Build;
5. Freedom to Innovate and Compete;
6. Tax Reform;
7. Free Trade and Commerce;
8. Fiscal Restraint;
9. Sound Money and Capital Freedom; and
10. Accountability and Oversight.

The conservative approach to making life more affordable should focus on expanding supply. When goods are abundant rather than limited, prices naturally fall. It's intuitive that creating abundant supply is key to affordability, but too often the commonsense solution of allowing the private sector to make more has less political appeal than demand-side approaches like stimulus checks, subsidizing purchases, wage mandates, tax preferences, printing money to finance deficit spending, or imposing price controls—none of which address the underlying scarcity driving up prices.

In his speech announcing his presidential candidacy, Reagan spoke about each of the 10 themes covered in *Affordability 101.* A summary of the book's 10 chapters is provided below, with each summary followed by a quote from Reagan's 24-minute speech.

Consumer Choice

Chapter 1 – Consumer Choice offers policy solutions that would keep the government from dictating or influencing which products or features Americans can purchase—and which features they *must* purchase.

> "*It's not the government's function to… impose unnecessary restrictions on the marketplace.*"
>
> -Ronald Reagan

Abundant Energy and Natural Resources

Chapter 2 – Abundant Energy and Natural Resources describes ways that policymakers could remove unnecessary government barriers to accessing the energy resources that power America's economy, and it includes ideas to improve the government's stewardship of the natural resources it manages.

> *"Our country was built on cheap energy."*
>
> -Ronald Reagan

Freedom to Work and Enterprise

Chapter 3 – Freedom to Work and Enterprise outlines ways to make government policy more conducive to work and enterprise, ensuring that the government doesn't act as a gatekeeper telling workers and businesses whether they have permission to enter mutually beneficial arrangements or pursue new enterprises.

> *"[The] system must be replaced by one that restores incentive for the worker and for industry—a system that rewards initiative and effort and encourages thrift."*
>
> -Ronald Reagan

Freedom to Build

Chapter 4 – Freedom to Build suggests policy solutions that would help reduce red tape, regulations, restrictions, ill-advised taxes, and other government-imposed barriers that stand in the way of quick and efficient construction of new homes, workplaces, hospitals, and infrastructure in the United States.

> *"But there remains the greatness of our people, our capacity for dreaming up fantastic deeds and bringing them off to the surprise of an unbelieving world."*
>
> -Ronald Reagan

Freedom to Innovate and Compete

Chapter 5 – Freedom to Innovate and Compete discusses potential reforms to foster private innovation and competition with reforms that remove barriers to technological and medical innovation, privatize government enterprises, and place checks on the expansion of the regulatory state.

> *"Putting the market system to work for these objectives is an essential first step for their achievement. Additional multibillion dollar federal bureaus and programs are not the answer."*
>
> -Ronald Reagan

Tax Reform

Chapter 6 – Tax Reform outlines some of the economically destructive taxes imposed by federal, state, and local governments that should be eliminated or reduced, along with other potential pro-growth reforms.

> *"At the same time, the federal government has cynically told us that high taxes on business will in some way solve the problem and allow the average taxpayer to pay less. Well, business is not a taxpayer, it is a tax collector. Business has to pass its tax burden on to the customer as part of the cost of doing business."*
>
> -Ronald Reagan

Free Trade and Commerce

Chapter 7 – Free Trade and Commerce focuses on ways to facilitate more commerce through the reduction or removal of tariffs and other artificial trade barriers with friendly nations and allowing more seamless commerce across the United States.

> *"A developing closeness between the United States, Canada and Mexico would [show] that we were prepared for a long haul, looking outward again and confident of our future; that together we are going to create jobs, to generate new fortunes of wealth for many, and provide a legacy for the children of each of our countries."*
>
> -Ronald Reagan

Fiscal Restraint

Chapter 8 – Fiscal Restraint proposes major spending reforms to reverse the out-of-control growth of the federal deficit and limit borrowing to sustainable levels, which would ease pressure on the Federal Reserve to print money to finance new debt.

> *"The people have not created this disaster in our economy; the federal government has. It has overspent, overestimated, and overregulated. It has failed to deliver services within the revenues it should be allowed to raise from taxes."*
>
> -Ronald Reagan

Sound Money and Capital Freedom

Chapter 9 – Sound Money and Capital Freedom describes policy changes that would support a sound dollar and more efficient capital allocation by limiting the Federal Reserve's discretion to expand the money supply and allowing a freer flow of private capital.

> *"In the 34 years since the end of World War II, the federal government has spent 448 billion dollars more than it has collected in taxes—448 billion dollars of printing press money, which has made every dollar you earn worth less and less."*
>
> -Ronald Reagan

Accountability and Oversight

Chapter 10 – Accountability and Oversight outlines reforms that would reduce waste, fraud, and abuse in federal programs and help ensure that taxpayer dollars are spent responsibly.

> *"We must force the entire federal bureaucracy to live in the real world of reduced spending, streamlined functions and accountability to the people it serves. We must review the functions of the federal government to determine which of those are the proper province of levels of government closer to the people."*
>
> -Ronald Reagan

Consumer Choice

Policymakers at all levels make laws and regulations that can restrict households' purchasing decisions, influencing which products Americans can and can't buy or—in some cases—which products they *must* buy. While governments (especially state governments) *do* have some role in restricting the use, purchase, or sale of things that are harmful and/or dehumanizing, such as drugs, hazardous substances, abortions, gambling, pornography, and prostitution, policymakers should avoid onerous restrictions on adults' choices of products where no direct harm is at stake. People should be free to decide, for example, whether they want to drive a gasoline-powered vehicle or an electric vehicle. They should be allowed to choose to buy home appliances that do or don't meet strict efficiency standards. Individuals and families—not the government—should decide which insurance, education, and childcare services are right for them.

The government uses several mechanisms to affect which products people purchase, including mandates, regulations, licensing, taxes, subsidization, and government provision of services. The distinction between these actions isn't always clear. For example, Obamacare originally included an individual *mandate* that required all Americans to obtain health insurance or pay a monetary penalty; Chief Justice John Roberts instead interpreted it as a tax on individuals who don't carry health insurance. Regardless of what it's called, though, when policymakers allow their preferences to interfere with consumer choice, people end up spending more for less. Government constraints on consumer choice lead to one of three things:

1) People paying more for the goods and services they want;
2) People being unable to buy products at *any* price; or
3) People being compelled to buy products or product features that they don't want.

Families' ability to control how they spend their money is a critical aspect of affordability, and ill-advised interventions in consumer choice are among the most direct and evident ways that governments contribute to unaffordability. Policymakers' actions should respect American individuals and families enough to recognize that they know best how to spend their own money.

The dollar has lost 88% of its purchasing power since 1971

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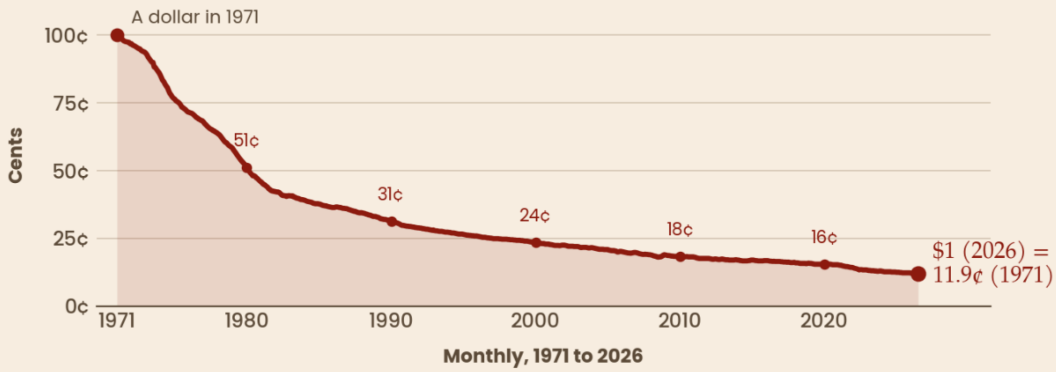
What a dollar from 1971 through 2026 would have been worth in 1971



Source: U.S. Bureau of Labor Statistics, Purchasing Power of the Consumer Dollar in U.S. City Average (CUUR0000SA0R) — via FRED, rebased so that January 1971 = 100 cents. The series is the reciprocal of the Consumer Price Index for All Urban Consumers.

The average paycheck buys fewer groceries than it did six years ago

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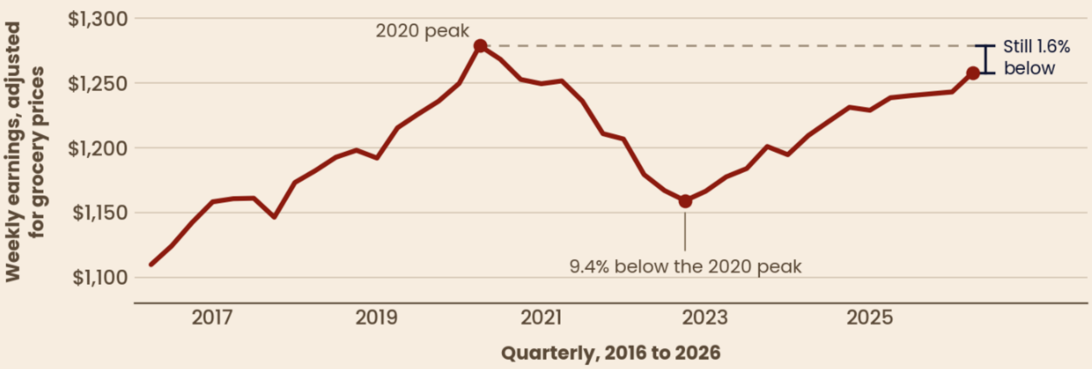
Median weekly earnings of full-time workers, adjusted for changes in grocery prices



Sources: U.S. Bureau of Labor Statistics, Median Usual Weekly Earnings of Full-Time Wage and Salary Workers, and the CPI for Food at Home — via FRED. Earnings are deflated by the food-at-home index and adjusted relative to Q2 2026 grocery prices.

CONSUMER CHOICE IN HOME APPLIANCES

David R. Burton, Senior Fellow in Economic Policy

TOPLINE: Federal policymakers should eliminate or relax laws and regulations that mandate efficiency standards for consumer products and appliances. Disclosure and consumer choice, rather than mandates, should be the policy paradigm.

BACKGROUND: Since the Energy Policy and Conservation Act of 1975 (EPCA) and then the National Appliance Energy Conservation Act of 1987 (NAECA), the federal government has regulated household products and appliances. Regulations govern central air conditioners, room air conditioners, heat pumps, furnaces, fans, dehumidifiers, refrigerators, freezers, water heaters, washing machines, clothes dryers, conventional and microwave ovens, ranges, gas and electric stoves, dishwashers, lightbulbs, showerheads, faucets, toilets, televisions, battery chargers, and many other products. The regulations have become increasingly complex and costly. Most home appliances have been subjected to three to six rounds of successively tighter standards. These rules have substantially increased costs and consumer prices, worsened appliance performance and lengthened cycle times. Energy savings and the environmental impact have been exaggerated considerably.

Action Items (Congress):

- **Congress should repeal EPCA and NAECA** and replace them with a regulatory regime that requires disclosure of energy usage as estimated by a third party.
  - Consumers **should be permitted** to decide for themselves about the tradeoffs among upfront costs, energy consumption and product performance. Bureaucrats should not take these decisions from them.
- State regulation of appliance manufacturing should be preempted since the marketplace is a national market.

How It Would Make Life More Affordable:

- Eliminating the sprawling federal rules governing appliance manufacturing would dramatically reduce costs and prices and improve performance.
- Replacing the current system with a disclosure regulatory regime would allow consumers—rather than bureaucrats—to make decisions regarding the relative importance of performance, upfront costs, and energy savings.

Related Legislation: Don't Mess With My Home Appliances Act (H.R. 4626); The Liberating Incandescent Technology (LIT) Act (H.R. 3341 and S. 1568); The Homeowner Energy Freedom Act (H.R. 4758); SHOWER Act (H.R. 4593).

BOTTOMLINE: It shouldn't be the federal government's role to dictate to the American people which type of home appliances they can and can't buy and which features those appliances must or must not have.

Rein in Costs by Prosecuting Crime

Preston Brashers, Research Fellow

TOPLINE: Officials should promote order and affordability by upholding property rights and defending against criminality.

BACKGROUND: The protection of property rights is a core function of government. John Locke, whose treatise helped inspire the Declaration of Independence, wrote:

> "*The great and chief end, therefore, of men's uniting into commonwealths, and putting themselves under government, is the preservation of their property.*"

Commerce, entrepreneurship, and society itself break down when people can't reasonably expect the fruits of their labor to be safe from theft, destruction, and vandalism. Where criminality runs rampant, possessing something of value makes one a target. It's why, for example, people avoid parking nice cars in high-crime areas.

How Lawlessness Drives Up Prices: Victims of property crimes pay a direct price, but even those who never experience crime themselves pay an indirect price where laws aren't consistently enforced. Retailers that are plagued by shoplifting, looting, vandalism, counterfeiting, and fraud are forced to pass on most of those costs to law-abiding customers, since grocers, for example, have razor-thin margins averaging about 1.3%. A National Retail Federation survey found that 64% of retailers report less than half of theft incidents to law enforcement, with 31% citing law enforcement *discouraging* reports of theft as a key reason why. Instead, retailers take countermeasures like hiring security personnel, installing alarms, cameras, and license plate readers, using anti-theft tags, and putting merchandise in locked cases. They may also carry insurance against major losses related to rioting, looting, and arson. The "defund the police" movement and the election of soft-on-crime district attorneys can exacerbate these problems and these costs.

Action Items (Primarily State and Local Officials, Some Federal Nexus):

- **Deter criminality by enforcing the law and holding criminals accountable** for property crimes and violent crimes**.**
- **Ensure that law enforcement is adequately funded**.
- **Reject efforts to downgrade more property crimes to misdemeanors.**

How It Would Make Life More Affordable:

- It would reduce individuals' risk of home burglary, car break-ins, fraud, and other losses. It would also reduce insurance costs for renters, homeowners, and others.
- It would help bring business and opportunity back to areas facing urban decay.
- It would reduce businesses' costs on measures like locking merchandise in cases, graffiti cleanup, and insurance.

BOTTOMLINE: Officials must make sure that crime doesn't pay; otherwise honest citizens will unwittingly pay the price.

Expand Choice in Childcare

Rachel Greszler, Senior Research Fellow

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TOPLINE: Unnecessary regulations drive up costs and limit the supply of childcare while ineffective federal spending reduces its quality and accessibility.

BACKGROUND: Childcare is expensive, costing $13,128 per child per year, on average. Yet costs vary significantly by state, from as little as $7,700 for infants in Mississippi (and under $10,000 in Arkansas, South Dakota, and Alabama) to more than $25,000 for infants in Massachusetts, Maryland, and Washington D.C. While in-home childcare is about 25% less expensive, the number of in-home family providers fell by more than half, from about 214,000 in 2005 to 98,000 in 2025. State childcare regulations play a huge role in the supply and cost of care. Some regulations are necessary for children's safety, but others—like college degree requirements—are unnecessary.

The federal government's primary role in childcare is through the Child Care Development Block Grant (CCDBG) that assists lower-income families with childcare costs. Since the CCDBG primarily focuses on center-based care, it is less accessible to families in rural areas where faith-based and in-home childcare are the only options. Meanwhile, the federal Head Start program is more widely accessible in rural areas, but it has proven ineffective and mired in fraud. Currently, Head Start is also not a viable childcare solution as its programs operate less than half as many hours as childcare providers and it costs more than childcare in most states ($20,300 per pupil for Early Head Start and $14,500 for Head Start Preschool). Allowing families to use Head Start funds at a provider of their choice would expand childcare options.

Action Items (Congress and States):

- State lawmakers should **eliminate or reduce unnecessary and costly childcare regulations**, such as college-degree requirements and high teacher-child ratios.
- Federal lawmakers should **make Head Start funds portable** for families to take to a provider of their choice and **expand CCDBG accessibility in rural areas**.
- Lawmakers should **treat employer-provided childcare benefits like retirement and health benefits** for purposes of "regular rate" of pay calculations.

How It Would Make Life More Affordable:

- Childcare costs significantly less in states with fewer unnecessary regulations.
- Expanding existing funding to more effective options would give families access to better care.
- Eliminating red tape would increase employer-provided childcare benefits.

Related Legislation: Empowering Employer and Child and Elder Care Solutions Act (H.R. 2270); Expanding Childcare in Rural America (ECRA) Act (S. 1867 [118th Congr.]).

BOTTOMLINE: Reducing unnecessary regulations and providing more choice in existing childcare spending will increase the supply and reduce the cost of childcare.

Plymouth Institute for Free Enterprise

End Annual Vehicle Safety Inspections

Preston Brashers, Research Fellow

TOPLINE: Mandated annual and biennial safety inspections for personal vehicles are ineffective at improving road safety, but they are a significant imposition on people's time and resources.

BACKGROUND: Ten states (Hawaii, Louisiana, Maine, Massachusetts, New Hampshire, New York, North Carolina, Pennsylvania, Vermont, and Virginia) require annual vehicle safety inspections. An additional four states (Delaware, Missouri, Rhode Island, and West Virginia) plus Washington, D.C. require them every other year. Inspections are performed at state-licensed inspection stations—often repair shops that can turn failed inspections into new business. Inspections vary by state but generally include (at a minimum) checks of brakes, steering, suspension, tires, and wheel assemblies. But usually, when vehicles' critical functions like steering or brakes begin to fail, drivers notice the development of the issues over days or a couple of weeks, so annual or biennial inspections are unlikely to catch critical problems at the right time.

"Safety Checks" Don't Make Safe Drivers:

- A U.S. Department of Transportation crash analysis found that vehicle defects were the factor immediately preceding only 2% of car and light truck accidents.
    - By contrast, driver-related causes were the factor in 94% of the accidents.
- Studies have typically found no significant relationship between vehicle safety inspection requirements and crash rates, injuries, or fatalities.
- One Norwegian study even found that the "accident rate of inspected cars did not decline [following inspections] but rather showed a weak tendency to increase."
    - The study's authors suggest that drivers may adapt their driving habits to the condition of their vehicles.

Action Items (States):

- **Eliminate mandates requiring that drivers have safety inspections performed on personal vehicles** on an annual or biennial basis.

How Mandated Vehicle Inspections Make Life Less Affordable:

- Failed vehicle inspections can leave Americans stuck without reliable transportation and forced to decide between expensive repairs; buying, leasing, or renting another vehicle; or simply not driving.
- Low-income drivers, in particular, dread annual vehicle inspections because they are more likely to have put off repairs on older vehicles out of financial necessity.
- The total cost imposed on Americans between the cost of inspections, the value of lost time, repair costs, taxpayer funds to administer, and drivers being forced to find alternative transportation is almost certainly in the billions of dollars per year.

BOTTOMLINE: Vehicle inspection mandates can help protect the bottom line of tire and auto shops (at drivers' expense), but they do little to nothing to protect drivers.

CONSUMER CHOICE IN CARS AND TRUCKS

Preston Brashers, Research Fellow

TOPLINE: Policymakers should reject electric vehicle (EV) mandates and eliminate laws and regulations that limit the types of vehicles that Americans can drive.

BACKGROUND: Tailpipe Regulations. Since its creation in 1970, the EPA has regulated vehicle emissions under the Clean Air Act (CAA). Initially, this dealt with smog-producing and harmful pollutants like nitrogen dioxide and carbon monoxide, but the EPA's 2009 Endangerment Finding (see p. 19) expanded its own authority to limit greenhouse gases (GHGs) like carbon dioxide. A 2026 EPA rule rescinded that finding.

California Waivers. Under the CAA, the EPA administrator can grant California a waiver allowing it to impose emission standards that are more stringent than federal standards *if* it faces "compelling and extraordinary conditions." In 2022, California regulators imposed a radical mandate, requiring that zero-emission EVs and plug-in hybrid EVs account for 35% of model year 2026 sales, ratcheting up to 100% by 2035. In 2025, Congress and President Trump nullified the California EV mandate waiver using the Congressional Review Act (CRA). In June 2026, the EPA transmitted four other Obama- and Biden-era California waivers that previous EPAs had failed to transmit, now giving Congress "its statutorily required opportunity to review."

CAFE Standards. Automakers have faced fleetwide Corporate Average Fuel Economy (CAFE) standards since 1978. The fleetwide average standard was about 27.5 miles per gallon (mpg) for passenger cars from 1985 to 2010 and about 20-21 mpg for light trucks at that time. Targets now differ depending on the sizes of vehicles in carmakers' fleets. For a typical fleet, applicable CAFE targets have more than doubled: 59.4 mpg for passenger car fleets and 42.4 mpg for light truck fleets. The One Big Beautiful Bill zeroed out civil penalties for missing CAFE standards, limiting current enforcement.

Action Items (Congress):

- **Nullify the four California waivers** that the EPA transmitted.
- **Fully repeal CAFE standards and section 209(b) CAA waivers**.

EV Mandates and Strict Regulations Price Consumers out of the Market:

- Federal CAFE standards have been used as a backdoor EV mandate. Requiring compliance with the 59.4 mpg target for 2026 and the 66.4 mpg target for 2032 would force carmakers to produce far more EVs and fewer gas-powered vehicles.
- Even with heavy subsidies, the average price of a new EV was more than $8,000 higher than the price of an average new car in 2025.

Related Legislation: Preserving Choice in Vehicle Purchases Act (H.R. 346); Choice in Automobile Retail Sales Act (S. 995).

BOTTOMLINE: Stringent regulations push Americans into vehicle options they don't want or out of the vehicle market altogether, while crowding out other innovations.

PLYMOUTH INSTITUTE FOR FREE ENTERPRISE

END THE EPA'S CARBON REGULATION REGIME

Preston Brashers, Research Fellow

ADVANCING AMERICAN FREEDOM

TOPLINE: Congress should clarify that the Environmental Protection Agency (EPA) lacks authority under the Clean Air Act (CAA) to regulate carbon dioxide (CO_2) and other greenhouse gases (GHGs) that don't directly harm human health.

BACKGROUND: Tightening Regulations. The CAA authorizes the EPA to set emission standards for new vehicles to limit hydrocarbons, carbon monoxide, nitrogen oxides, and particulate matter—substances that are harmful to breathe, contribute to smog, and endanger public health and welfare. In 2009, the EPA promulgated an Endangerment Finding concluding that CO_2 and other GHG emissions from new motor vehicles "endanger public health," pointing to remote and distant fears about global warming. Based on that finding, the EPA established fleetwide average CO_2 targets in 2010. Targets for cars and light trucks depend on vehicle footprints—the square footage of space between the vehicle's axles and between the left and right wheels.

Costly Vehicle Redesigns. When the EPA set the targets, it expected manufacturers to meet them by changing engine and transmission technology, reducing vehicle weight, using more efficient (and costly) tire designs and air conditioning, focusing more on aerodynamics, and by transitioning to more hybrid and electric vehicles (EVs).

Rescinding the 2009 Endangerment Finding. In February 2026, the EPA rescinded the 2009 Endangerment Finding and the GHG regulations that resulted from it, concluding that the CAA doesn't give the EPA "authority to prescribe motor vehicle emission standards for the purpose of addressing global climate change concerns."

Action Items (Congress):

- **Enact legislation clarifying that a future EPA cannot regulate CO_2** and other GHGs under the auspices of the CAA.
- Alternatively, **appropriations bills should include riders that block funding for enforcement of vehicle GHG standards**.

How It Would Make Life More Affordable:

- The EPA estimated that rescinding the 2009 Endangerment Finding would lead to cost savings of **$1.1 trillion** through 2055 (more than $2,400 per vehicle).
- The EPA estimated it would result in an additional **$200 billion** in savings related to avoiding the costs of EV chargers and related equipment.

Related Legislation: Preserving Choice in Vehicle Purchases Act (H.R. 346); Choice in Automobile Retail Sales Act (S. 995).

BOTTOMLINE: CO_2 is not a harmful pollutant; it's a natural part of Earth's atmosphere that contributes to higher crop yields and a greener planet. Carmakers should design vehicles to meet the preferences of consumers, not the whims of EPA regulators.

Plymouth Institute for Free Enterprise

Improve Benefit Portability

Rachel Greszler, Senior Research Fellow

TOPLINE: Individuals—not employers—should be in charge of choosing their benefits like health insurance, and they shouldn't have to work for a particular company to get them.

BACKGROUND: Few workers stay with a single employer for their entire career, and those who start businesses or work independently don't have employers at all. Yet health insurance and many other benefits remain tethered to an employer-dominated system. This creates "job lock" that limits better opportunities. Many parents, for example, would prefer flexible jobs when kids are young, but they want and need workplace benefits that would be harder and more expensive to get on their own.

Instead of forcing workers into traditional employment to obtain benefits, policymakers can allow benefits to travel with workers throughout their careers. Utah has pioneered this approach, allowing any private or public company to offer portable benefit plans and creating a safe harbor for companies to contribute to portable benefit plans without it triggering an employee-employer relationship (and the associated employer obligations). This resulted in Lyft, for example, piloting a program in which it contributes a percentage of drivers' earnings into a portable account that they can use for health and dental insurance, retirement savings, and paid time off. Multiple other states are following Utah's lead.

Action Items (Congress and States):

- Congress should establish a legal framework for **portable, worker-owned benefit accounts** and **create a safe harbor for companies to voluntarily contribute to workers' portable accounts** without creating an employment relationship.
- States should **enact laws similar to Utah's**, allowing companies to offer portable benefit plans and creating a safe harbor for companies that contribute to them.

How It Would Make Life More Affordable:

- Larger pools of participants reduce costs by utilizing economies of scale.
- More people could pursue flexible work that could reduce or eliminate other costs like childcare and transportation.
- Greater labor mobility and workforce participation would increase productivity, expand economic output, and put downward pressure on prices.

Related Federal Legislation: Unlocking Benefits for Independent Workers Act (S. 2210).

Related State Legislation: Portable Benefits Plan (Utah S.B. 233 [2023], enacted law).

BOTTOMLINE: Policymakers should end employers' monopoly on benefits and let workers choose and own their benefits.

Plymouth Institute for Free Enterprise

Expand Pooled Health Insurance Access

Rachel Greszler, Senior Research Fellow

TOPLINE: Lawmakers should expand access to Association Health Plans so that more people in non-traditional jobs or with shared geography or interests can pool together to obtain more affordable health insurance.

BACKGROUND: Association Health Plans (AHPs) allow multiple, typically small employers that have a common association to pool together to sponsor a single group health insurance plan similar to a larger employer. By pooling their purchasing/bargaining power and spreading risks and administrative costs across multiple employers, AHPs can increase insurance plan options and significantly reduce costs for workers and employers. AHPs are currently limited to participants who have a genuine organizational or economic relationship beyond simply providing health benefits.

While AHPs can currently help small businesses operating in the same industry, they leave out millions of independent workers, as well as small businesses in unrelated industries that might otherwise want to pool together to provide health insurance. The Trump-Pence administration issued a rule broadening AHP access to include geographic associations, and initial analysis of the expanded plans showed promising trends, including claims savings of up to 29%. But portions of that rule were struck down in the courts, and the Biden administration subsequently overturned the geographic AHP expansion. Congress should make it easier for people outside of shared occupations to pool together to purchase lower-cost health insurance.

Action Items (Congress):

- **Expand AHPs, including by decoupling them from strict employer and industry association requirements** and allowing groups based on geographic association, self-employment, and other common interests.

How It Would Make Life More Affordable:

- Association Health Plans can save thousands of dollars per year from an individual's or family's health insurance premium.
- By increasing health insurance coverage, AHPs would reduce potentially catastrophic health care costs.

Related Legislation: The Association Health Plans Act (S. 1847, H.R. 2528).

BOTTOMLINE: Access to affordable health insurance should not be limited to people who work for large, traditional employers.

PERMIT GREATER USE OF TELEMEDICINE

Paul J. Larkin, Senior Legal Fellow

TOPLINE: Congress should allow greater use of telemedicine to enable patients to have access to a larger pool of available physicians.

BACKGROUND: Telemedicine is the use of audio-visual technology for the real-time transmission of medical information and other communications with one or more physicians who are located remotely for the purpose of assessing or monitoring the patient's medical condition; making or confirming a diagnosis, prognosis, or course of treatment; and, if necessary, prescribing medications.

Originally used for accident care in remote settings, telemedicine expands the availability of a physician's expertise beyond evaluating electrocardiographic and other data to include individual patient diagnostics. Telemedicine also is a particularly valuable option in states such as Alaska, Montana, and the Dakotas where the distance between patients and physicians, and therefore the travel time between them, often vastly exceeds that in places like New York City. With the federal government's approval, telemedicine was used extensively during the COVID-19 pandemic. Reports of increased use ranged from 100–4,300%. Given telemedicine's proven success during the pandemic, the federal government should consider permanently authorizing Medicare and Medicaid funding for telemedicine visits and consultations.

Action Items (States and Congress):

- States should revise their medical licensing laws to **authorize licensed out-of-state physicians to treat in-state patients**.
- Congress should **authorize greater use of telemedicine** under its authority to regulate the instrumentalities of interstate commerce and communications.

Caveats: Some limitations are necessary for prescribing addictive or dangerous medications. For example, physicians should not be free to prescribe Schedule II opioids (e.g., OxyContin) over the Internet without regular (*e.g.*, no less than monthly) face-to-face physician-patient meetings. Also, the risk of fraudulent claims for phantom Internet-based meetings justifies new recordkeeping requirements (e.g., recorded face-to-face Internet meetings) to prevent charges for phantom discussions.

How It Would Make Life More Affordable:

- Greater use of telemedicine helps expand the pool of available physicians, allows greater access to out-of-state specialty (e.g., cardiology) and subspecialty (e.g., pediatric cardiology) experts, and helps lower the cost of medical care.

BOTTOMLINE: Modern telecommunication technology makes telehealth a more viable, convenient option for many patients. Lawmakers should avoid unnecessary restrictions on this innovative, cost-saving approach to medicine.

EXPAND PRIVATE HEALTH CARE CHOICE WITH HSAS

Gadai Bulgac, Policy Analyst

ADVANCING **AMERICAN** FREEDOM

TOPLINE: Lawmakers should enact health care reforms that give consumers more agency over their health care choices, moving away from one-size-fits-all plans controlled by the government and employers in favor of Health Savings Accounts.

BACKGROUND: Health care has among the highest levels of government involvement of any U.S. industry. Health expenditures now make up 18% of U.S. GDP, almost half of which is directly spent by the government. Private health care providers and insurers are subject to numerous regulations, mandates, and other interventions that make health care more expensive with little benefit. Correspondingly, prices for medical care have generally risen faster than overall inflation since 1949, leading to rapidly rising health care costs, with the trend slowing only after the COVID-19 pandemic. But the pattern is not universal. Prices of some health services that have minimal government involvement have fallen. Procedures that are not covered by insurance, such as LASIK or cosmetic surgery, have generally gotten cheaper relative to inflation while improving in quality and patient outcomes. The lesson is clear: the solution to health care affordability is more choice in the market.

Health Savings Accounts (HSAs) are a growing market-based option that can counter skyrocketing health costs by giving individuals ownership and choice over their health spending. With an HSA, an individual covered by a high-deductible health plan (HDHP) can make (or receive from their employer) tax-advantaged contributions to accounts that they own and can use for health-related spending of their choice.

Like HSAs, employer-provided health insurance (ESI) is tax-advantaged, but ESI is plagued by problematic incentives: employers gain a tax advantage by compensating employees with pricey insurance instead of higher wages. This artificially inflates health care demand and reduces cost controls, leading to higher health spending.

Action Items (Congress):

- **Increase HSA contribution limits to encourage wider use by employers.**
  - The 2026 contribution limit is $4,400 for individuals and $8,750 for families.
- **Allow HSA contributions for individuals who are not on HDHPs.**
  - The contribution limit for individuals covered by HDHPs should be significantly higher than the limit for those with low-deductible plans.
- **Remove monthly caps on using HSAs for direct primary care.**
- **Cap employers' per-employee tax exclusion for health insurance** (see p. 24).

How It Would Make Life More Affordable:

- Expanding HSA use would ease health care inflation and allow people to shop for the balance of quality care and affordability that suits them best.

BOTTOMLINE: Congress should stop perpetuating rising health care costs and allow people more freedom to choose how to spend on their health needs.

Plymouth Institute for Free Enterprise

Cap Deductibility of Untaxed Benefits

Preston Brashers, Research Fellow

TOPLINE: Congress should set a per-employee cap on the amount employers may deduct for untaxed non-monetary benefits. This would reduce an existing distortion in the tax code that discourages paying higher wages.

BACKGROUND: The three largest forms of employee compensation are wages and salaries, retirement contributions, and health insurance benefits. Of these, wages and salaries receive the least favorable tax treatment, as they're subject to income taxes (10% to 37% federal, plus state and local) *and* employer- and employee-side payroll taxes to fund Social Security and Medicare (typically 15.3% combined). Retirement plan contributions are subject to employer- and employee-side payroll taxes when earned, as well as income taxes that are deferred until distribution. Health insurance benefits receive the most favorable tax treatment, altogether avoiding federal income taxes and employer- and employee-side payroll taxes.

Over time, this favored treatment for health insurance benefits (which is estimated to be a $3.8 trillion tax expenditure over 10 years) has helped drive employers to offer more health benefits at the expense of higher wages and salaries. At the same time, the more favorable tax treatment for health insurance artificially inflates demand for health care by weakening incentives to control health care costs. This leads to reduced competition and higher prices in insurance markets.

Action Items (Congress):

- **Cap employers' deductions for tax-free non-monetary benefits (including but not limited to health benefits) provided to employees** at a fixed amount, perhaps $10,000, multiplied by the number of full-time-equivalent employees.
  - The cap should *not* include an annual inflation adjustment.
  - A higher per-employee cap should be allowed for an employer's first 100 employees to account for small employers facing higher costs in insurance markets.
- **Health Savings Account (HSA) contributions should not count toward the cap** (or only a portion of such contributions should count).
- **Changes to benefit deductibility should be paired with income tax reductions.**

How It Would Make Life More Affordable:

- It would effectively phase down the bias in the tax code that discourages companies from offering higher wages and salaries.
- More adoption of HSAs would encourage more cost consciousness, reduce reliance on public health care options, and help reduce overall health care costs.

BOTTOMLINE: Taxing wages while excluding benefits is a massive tax code distortion that drives up overall health care costs, limits health care choices, and reduces wages.

PLYMOUTH INSTITUTE FOR FREE ENTERPRISE

MAKE COLLEGES SHARE STUDENT LOAN RISK

Richard Stern, Vice President

TOPLINE: Congress should require universities to share in the losses on the degrees they sell and stop lending taxpayer money for degrees that don't pay off.

BACKGROUND: Congress has turned the federal government into one of the largest lending institutions in the U.S. and has cornered the market on student lending for higher education. However, this has created an environment where universities often game these subsidies and pad their own finances at taxpayer expense while bearing none of the loan default risk. This has reduced incentives for students to pursue the most worthwhile degrees and left many students with crippling debt. A New York Fed staff report estimates that about 60 cents of each additional subsidized-loan dollar is absorbed into tuition.

Action Items (Congress):

- **Universities should be required to share the risk on federal student loans** and be liable for some of the default risk for degrees they offer while also working to **wind down federal subsidization of student loans altogether**.
- **A clear and practical national framework should be created for income sharing agreements (ISA).**
  - While ISAs are legal, they face tremendous regulatory uncertainties that make them largely impractical today. A clear national framework would allow students to work with universities, financial institutions, and other firms to exchange shares of future earnings for the immediate ability to finance their education without having to take on large debts.

How It Would Make Life More Affordable:

- Universities that share in losses have a direct financial stake in whether their programs pay off. They would stop viewing subsidized loans as free money regardless of whether they adequately serve their students. This would direct students to the best degrees and boost long-run earnings for students.
- Practical ISAs would give students more options to finance higher education and would allow them to do so without having to take on prohibitive levels of debt before they enter the workforce.
- These reforms would remove the spigot that has allowed universities to ramp up higher education costs at taxpayer expense.

Related Legislation: College Cost Reduction Act (H.R. 6951 [118th Congr.]); ISA Student Protection Act of 2023 (S. 136 [118th Congr.]).

BOTTOMLINE: Taxpayers have been forced to fund universities that have inflated costs and lack incentives to ensure degrees are worthwhile. Universities should be required to bear some of the risk of default, and students should have access to practical ISAs to give them more control over their own future.

PLYMOUTH INSTITUTE FOR FREE ENTERPRISE

EXPAND SCHOOL CHOICE

Preston Brashers, Research Fellow

TOPLINE: States should adopt education savings accounts (ESAs) and allow parents to direct funding for their children's education to programs that are right for them.

BACKGROUND: The U.S. spends far more on public schools than most realize. For all the money that's spent, educational outcomes should be better. According to the Census Bureau, in the 2023-24 fiscal year, the government spent $983.7 billion on public K-12 education, an average of $17,619 per pupil. That's far higher than most private schools' tuition. About 57% of the private K-12 schools in Niche's 2026 database have tuition of $12,000 per year or less. Homeschooling costs far less than private school but requires a major time commitment that limits parents' work hours.

Despite generous taxpayer funding, many public-school students receive a poor education and often ideological indoctrination that undermines religion and America's founding. Not all public schools are problematic, but expanding competition and choice improves outcomes, *including* for students who remain in public schools.

Action Items (States and Congress):

- **States should adopt and expand ESAs**, allowing parents to set aside and invest funds for their children's education, tax-free.
- **States should ensure two-thirds or more of K-12 students are eligible for school choice programs** that allow parents to decide where to send their kids to school and to direct education funding for their own children accordingly.
  - Funding for students in school choice programs should be at least 75% of the per-pupil funding of K-12 public school students.
- **Congress should revoke the municipal bond exclusion for states that don't enact minimum school choice** (ensuring at least 40% of students have access at a 60% or higher level of per-pupil funding).
  - Only allow a 50% exclusion for states that meet those parameters but fall short of the full eligibility and funding thresholds above.

How It Would Make Life More Affordable:

- Public K-12 education costs more than $7,500 per U.S. household, including about $3,400 on average in state taxes, more than $2,000 in local property taxes, about $1,200 from other local sources, and about $900 in federal taxes. School choice acts as a check against public school districts wasting taxpayer dollars.
- Better primary and secondary education and civic virtue can reduce delinquency, crime, and anti-social behavior, while enhancing future productivity.

Related Legislation: ACE Act (S. 3520 [118th Congr.], H.R. 6795 [118th Congr.]).

BOTTOMLINE: School choice and competition keep public school districts accountable to the parents and families they serve.

ABUNDANT ENERGY AND NATURAL RESOURCES

For most of human history, artificial lighting was expensive and labor-intensive. Obtaining 1,000 lumen-hours of light—equivalent to about an hour of illumination from one bright lightbulb—required an estimated 58 hours of labor during the Stone Age. Even in 1800, it took five hours of work. People organized their lives around daylight because darkness was so costly to overcome.

Today, turning on a lamp barely registers as an expense. Families can affordably light their homes after sunset, businesses can stay open into the evening, and streets can remain safely illuminated.

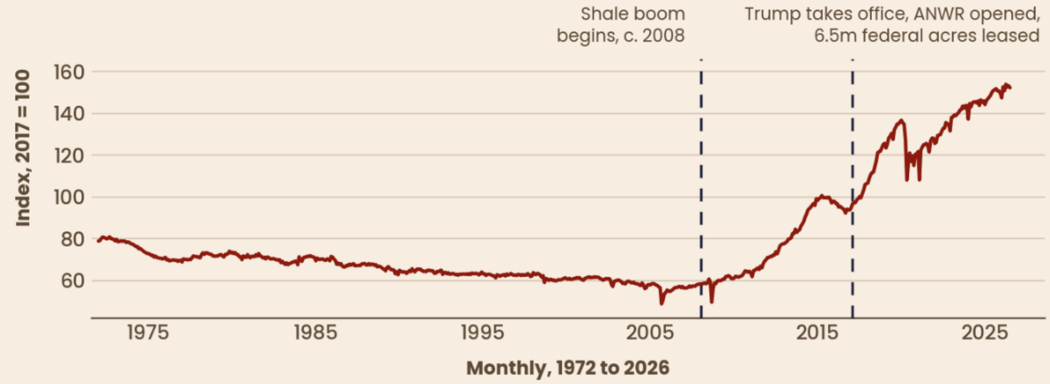
Lighting is just one example of the incredible transformations in standard of living made possible by having readily available energy. When energy becomes abundant and less costly to produce and deliver, all goods and services that depend on it also become more affordable. Efficient oil drilling and refining reduces the price of gasoline, diesel, and jet fuel, which in turn reduces the cost of commuting, personal and business travel, and transporting food and other goods. More electricity production makes heating, air conditioning, refrigeration, computing, artificial intelligence, and manufacturing more affordable for households and businesses.

Unfortunately, government policies often hinder the energy supply chain and drive up costs. Burdensome regulations, lengthy permitting processes, and unnecessary taxes and fees are limiting the development of the energy resources America depends on. For example, regulation of nuclear power has added so much to the time and cost of building nuclear plants that the U.S. went from bringing online about 100 nuclear reactors between 1960 and 1990 to only building three reactors since 2000. Similarly, costly climate policies in states such as California and Washington contribute to higher fuel prices. Energy mandates, subsidies, and permitting barriers undermine America's energy mix and delay needed infrastructure projects.

It doesn't have to be this way. Lawmakers can build on recent reforms that start to roll back these costly and burdensome regulations. This chapter provides policy options that could serve as a starting point toward a more energy-abundant and affordable future.

American oil and gas output has more than doubled since the fracking revolution

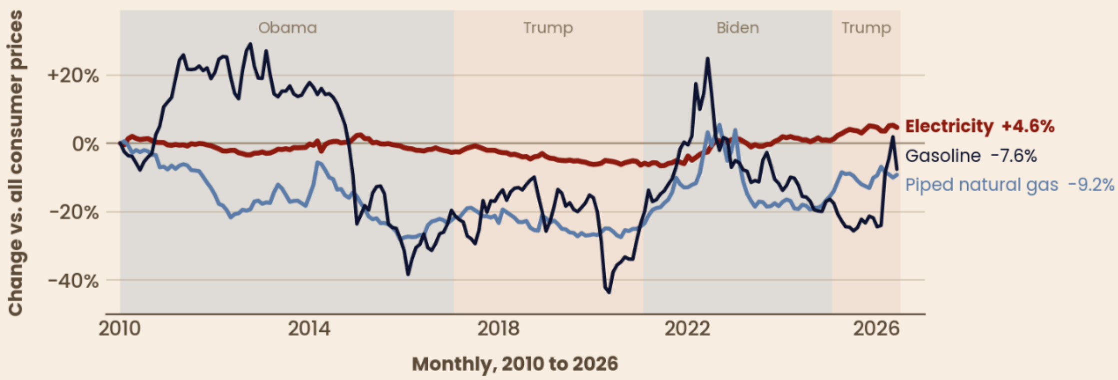
Industrial production index for oil and gas extraction, 2017 = 100



Sources: Board of Governors of the Federal Reserve System, Industrial Production: Mining: Oil and Gas Extraction (NAICS 211), IPG211S — via FRED. Leasing figures: Bureau of Land Management, Onshore Acres Leased, 2017–2020. The Tax Cuts and Jobs Act of 2017 opened the ANWR Coastal Plain.

Fracking and rising production kept fuel prices below inflation

Real energy price change since 2010, relative to all consumer prices



Source: U.S. Bureau of Labor Statistics Consumer Price Index series. Each index is deflated by headline CPI and rebased to January 2010, so the lines show the changes in price categories relative to all consumer prices. Missing months are linearly interpolated.

PLYMOUTH INSTITUTE FOR FREE ENTERPRISE

EXPAND ACCESS FOR OIL & GAS PRODUCTION

Austin Gae, Policy Analyst

AAF ADVANCING AMERICAN FREEDOM

TOPLINE: Federal and state policymakers should expand access to domestic oil and gas by establishing permanent lease-sale schedules and reducing unnecessary restrictions.

BACKGROUND: The federal government controls access to oil and gas across vast areas of federal lands and waters. Onshore federal lands have undiscovered, technically recoverable resources of 29 billion barrels of oil and 392 trillion cubic feet of natural gas; and the Outer Continental Shelf has 66 billion barrels of oil and 218 trillion cubic feet of gas. Access to these resources is critical as petroleum and natural gas together account for 73% of U.S. energy consumption.

Converting this energy potential into production begins with making acreage available for leasing. The One Big Beautiful Bill Act in 2025 required additional oil and gas leases, but its schedules for offshore areas (the Gulf of America and Cook Inlet) and onshore Alaska (Coastal Plain and the National Petroleum Reserve in Alaska) are temporary.

Other government actions have hindered efforts to expand oil and gas production. The Biden administration, for example, withdrew the Pacific and Atlantic coasts, the Eastern Gulf of Mexico, and parts of Alaska's North Bering Sea from new oil and gas leasing in January 2025. State policies may separately restrict development. New York, for example, banned hydraulic fracturing, cutting off about 12 million acres of the Marcellus Shale, which is rich in natural gas.

Action Items (Congress and States):

- **Congress should guarantee recurring federal oil and gas lease sales without a sunset** for all federal offshore areas, the Coastal Plain of the Arctic National Wildlife Refuge, and the National Petroleum Reserve in Alaska.
- **Congress should prohibit the administration from making large-scale or indefinite withdrawals of unleased offshore areas**.
- **States should reject hydraulic fracturing bans** like those imposed by New York, California, Maryland, and other states.

How It Would Make Life More Affordable:

- Crude oil makes up about 51% of the retail price of gasoline, so policies that increase domestic production help keep fuel affordable.
- Reducing energy costs helps cut costs and prices throughout the economy.

Related Legislation: Protecting American Energy Production Act (H.R. 26); Offshore Lands Authorities Act of 2025 (H.R. 513).

BOTTOMLINE: America's abundant energy resources are crucial for economic growth and can help shield families and businesses from rising costs, but only if oil and gas producers can access them.

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CUT RED TAPE AND ONEROUS RESTRICTIONS ON OIL

Austin Gae, Policy Analyst

ADVANCING AMERICAN FREEDOM

TOPLINE: Lawmakers should repeal burdensome and unnecessary regulations and mandates that raise oil costs, and, in turn, the price of goods and services across the economy.

BACKGROUND: Gasoline prices can vary by about $2 per gallon across U.S. states, showing how state energy policies affect prices. Clean or low-carbon fuel standards are important drivers of high fuel costs in certain states. These standards require transportation fuels to become gradually less carbon intensive and make gasoline more expensive.

Federal policies add further costs. The renewable fuel standard requires a minimum amount of renewable fuel in transportation fuels, burdening refiners and importers of gasoline and diesel and adding an estimated 26 to 35 cents per gallon.

Federal permitting delays also slow oil and gas development. In 2025, the Bureau of Land Management drilling permits took about 283 days, while states approved comparable permits in weeks or even days; Texas, for example, approved drilling permits in two to four days.

Action Items (Congress and States):

- Congress should **give states a greater role in approving drilling permits on federal lands** to help expedite the permitting process for oil projects, such as by passing the Bureau of Land Management Mineral Spacing Act (see below).
- Congress should **repeal the renewable fuel standard.**
- **States should repeal clean/low-carbon fuel standards** that increase gasoline costs for consumers.

How It Would Make Life More Affordable:

- Reducing costly regulations and bureaucracy across the oil supply chain would lower gasoline, diesel, and jet fuel prices.
  - This, in turn, would reduce the cost to produce and transport many products, including food, vehicles, and construction materials.
  - This would reduce the cost of personal travel, commuting, and business transportation.

Related Legislation: Bureau of Land Management Mineral Spacing Act (H.R. 1555); Eliminating the RFS and Its Destructive Outcomes Act (H.R. 2460); License to Drill Act (S. 5039, H.R. 7831).

BOTTOMLINE: Americans shouldn't be forced to pay inflated prices for gas and other goods caused by government fuel mandates and permitting delays.

Plymouth Institute for Free Enterprise

Reject Carbon Taxes and Cap-and-Trade

Preston Brashers, Research Fellow

Advancing American Freedom

TOPLINE: Lawmakers should reject all carbon taxes and cap-and-trade schemes.

BACKGROUND: Policymakers have devised many schemes to tax carbon and other greenhouse gases (GHGs). They typically involve one of two approaches (or a hybrid):

1) Set and charge a price per unit of emissions; or
2) Set maximum quotas for the quantity of emissions, then have businesses purchase and/or trade the rights to emissions allowances (i.e., cap-and-trade programs).

Some schemes, like the *Regional Greenhouse Gas Initiative (RGGI)* cap-and-trade system in the Northeastern U.S., are limited to certain utilities and energy generators. Others, like **California**'s and **Washington**'s systems, apply to more sectors, including transportation, mining, and manufacturing. Accurately measuring emissions throughout the economy would be highly data-intensive and prohibitively expensive. Broad carbon schemes may resort to crude estimation or face "leakage," where production simply moves to where it's less regulated and dirtier (e.g., China).

European Schemin': All 27 members of the European Union (EU) take part in its *Emissions Trading System (ETS)*, a cap-and-trade program that applies to power generation and heavy industry. In addition, most European countries apply *carbon taxes* (up to €146.23 per metric ton) that may apply to more sectors. As of 2026, the EU has begun imposing a *carbon border adjustment mechanism (CBAM)* that, when fully implemented, could apply to several hundred products entering European countries, based on the estimated lifecycle emissions associated with those products.

Action Items (Congress and States):

- **States shouldn't participate in carbon pricing schemes** like the RGGI.
- **Congress should reject calls for a carbon tax or cap-and-trade** and should actively **fight against attempts to impose a global carbon tax or CBAM**.
- **Congress should remove funding from global bodies that actively promote CBAMs** or other global carbon tax regimes.

Putting a Price on Carbon Makes Life Less Affordable:

- Carbon taxes and other schemes raise energy and production costs and reduce the affordability of fuel, electricity, buildings, vehicles, food, appliances, and more.
- In the 37 states that didn't have cap-and-trade in 2024, average electricity prices were *11.2* cents per kWh, compared to *19.9* cents in cap-and-trade states.
- Europe's electricity prices are more than double U.S. electricity prices, even though Europeans use about half as much electricity per capita as Americans.

Related Legislation: UNtaxed Act (S. 3276, H.R. 5888).

BOTTOMLINE: Carbon taxes and cap-and-trade programs are inherently flawed and arbitrary, as the net societal cost (or benefit) of a unit of CO_2 is unknowable.

Plymouth Institute for Free Enterprise

Eliminate Energy Mandates and Subsidies

Austin Gae, Policy Analyst

ADVANCING AMERICAN FREEDOM

TOPLINE: Lawmakers should repeal costly energy subsidies and mandates, which seek to dictate which forms of energy Americans must produce and use.

BACKGROUND: The energy sector has strong financial incentives to expand supply to meet rising demand as Americans spend over $1 trillion annually on energy. Government energy subsidies are unnecessary to induce companies to produce energy. They simply allow politicians to impose their energy preferences on American businesses and consumers while increasing the federal deficit. Although the One Big Beautiful Bill Act rolled back many energy subsidies in 2025, some remain in place.

Energy mandates are an even more heavy-handed way for politicians to dictate which types of energy Americans produce and use. Renewable portfolio standard require that a specified percentage of electricity must come from renewable sources. Twenty-seven states and the Washington, D.C. have adopted such standards, and 16 of them require renewables to account for more than 50% of their electricity by 2050. These aggressive mandates raise energy costs and reduce grid reliability.

Action Items (Congress and States):

- **Congress should repeal all remaining energy subsidies,** including the clean hydrogen production credit, clean electricity production credit, clean electricity investment credit, advanced manufacturing production credit, nuclear power production credit, clean fuel production credit, and carbon oxide sequestration credit.
- **States should repeal all forms of energy mandates and energy subsidies,** including renewable portfolio standards.

How It Would Make Life More Affordable:

- Eliminating subsidies and mandates would free energy companies to invest in the most promising projects, ultimately leading to more abundant and efficient energy.
- Eliminating mandates would remove government-imposed costs and translate to lower energy prices.

Related Legislation: Energy Freedom Act (S. 1721, H.R. 3330).

BOTTOMLINE: A one-size-fits-all political agenda for energy imposes a heavy cost. Instead, America should build a future with more affordable, reliable energy by letting producers decide how best to invest, innovate, and compete.

UNSHACKLE NUCLEAR ENERGY

Austin Gae, Policy Analyst

TOPLINE: Lawmakers and nuclear regulators should keep cutting needless red tape so reliable, carbon-free nuclear power can be deployed more quickly and cheaply.

BACKGROUND: The Nuclear Regulatory Commission (NRC) is the federal agency responsible for regulating and licensing civilian nuclear reactors, while the Department of Energy (DOE) authorizes and operates reactors for government purposes. The NRC began regulating in 1975, and it has overseen a regulatory environment in which American nuclear power has largely stalled. The U.S. went from having one nuclear reactor in 1957 to 112 by 1990, but in the 21st century, it has constructed only three reactors, despite subsidies created in the Energy Policy Act of 2005 and the Inflation Reduction Act of 2022. Subsidies cannot fix the overregulation driving the lack of new nuclear construction.

President Trump issued four nuclear-related executive orders (EOs) in May 2025. One of them, EO 14300, directs the NRC to conduct a "review and wholesale revision of its regulations and guidance documents." Shortly thereafter, the NRC approved a commercial nuclear reactor for construction for the first time in almost a decade among other achievements.

Action Items (Congress):

- Congress should **establish a pathway through which nuclear reactors tested or demonstrated under DOE authority may access an expedited NRC commercial licensing process**.
- Congress should **codify Executive Order 14300** "Ordering the Reform of the Nuclear Regulatory Commission."
- Congress should **repeal unnecessary rules, including uncontested mandatory hearing requirements, and allow commercial-grade steel and concrete in non-safety-related structures** rather than costlier nuclear-grade materials.

How It Would Make Life More Affordable:

- Nuclear reforms could cut regulatory costs and delays, spurring reliable, carbon-free power for growing household and business electricity demand.

Related Legislation: Build Nuclear with Local Materials Act of 2026 (S. 4529, H.R. 8812); Efficient Nuclear Licensing Hearings Act (S. 1757, H.R. 5549); Nuclear Energy Innovation and Deployment Act of 2026 (S. 4284); Strengthening American Nuclear Energy Act of 2026 (S. 4267).

BOTTOMLINE: A nuclear renaissance in America is possible not through failed subsidies, but through smart deregulation.

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IMPROVE FOREST AND TIMBER MANAGEMENT

Preston Brashers, Research Fellow

ADVANCING AMERICAN FREEDOM

TOPLINE: Officials should take proactive steps to reduce the share of America's forests lost to wildfires, such as solidifying buffers from tall trees around utilities and creating strategic fuel breaks, while reducing barriers to harvesting timber.

BACKGROUND: America's forests are being mismanaged. They are dense and abundant, but extreme density combined with barriers to timber harvesting and ineffective use of forest management tools like prescribed burns, thinning, and targeted grazing have led to wildfires burning an average of about 7 million acres of U.S. lands per year (about 63% of which occurs on federal lands). The acreage burned has increased roughly threefold since the 1980s, when legal and environmental opposition led to a dramatic reduction in timber harvests. The number of acres of timber *harvested* on U.S. Forest Service (USFS) lands fell 80% between 1987 and 2025. In short, America has sacrificed jobs, industry, and more affordable products for wildfires, smoke, and lost property and lives—all in the name of misguided environmentalism.

Action Items (Interior Department, USDA, Congress, State and Local Officials):

- **Maintain wider vegetation buffers around utilities**, clearing fast-growing or dead trees that may be hazardous in storms.
- **Fully rescind the 2001 Roadless Area Rule**, which restricts access and makes it harder to prevent wildfires and to stop them before they spread.
- **Create and maintain an expanded strategic network of fuel breaks** in forests around communities and critical infrastructure, funded by allowing new timber harvests along the fuel breaks.
- Require the USFS and the Bureau of Land Management to **increase timber sales and contracts for the removal of vegetative material** from federal lands.
- **Pass legislation expediting environmental reviews** of forest management projects and timber harvests **and raising the threshold for legal challenges**.
- **Exempt justified prescribed burns from incurring Clean Air Act penalties** to encourage proactive forest management.

How It Would Make Life More Affordable:

- Increasing timber harvests would expand supply and help reduce the price of lumber, housing, furniture, fixtures, fencing, paper, cardboard, sawdust, and more.
- Better forest management and fewer severe wildfires would reduce risks to life and property and reduce insurance costs.
- It would also reduce lost productivity from poor air quality due to wildfire smoke.

Related Legislation: Fix Our Forests Act (H.R. 471).

BOTTOMLINE: America's abundant timber resources should be used to create more abundance for consumers, while keeping homes and people safe from wildfires.

PLYMOUTH INSTITUTE FOR FREE ENTERPRISE

SPEED UP THE MINING PERMITTING PROCESS

Austin Gae, Policy Analyst

ADVANCING AMERICAN FREEDOM

TOPLINE: Lawmakers should reform the protracted permitting process to boost much-needed domestic production of critical minerals.

BACKGROUND: Minerals are essential to the U.S. economy, from transportation to technology, yet permitting a mine in the U.S. typically takes 7–10 years, compared to 2-3 years in Canada and 1-2 years in Australia. As a result, the number of U.S. metal mines has fallen by about 70% since 1983. And the U.S. is fully dependent on imports for 13 of the minerals that the U.S. Geological Survey designated as critical in 2025 and heavily reliant on imports for 20 others. This is despite the substantial amount of minerals that the U.S. has, like rare earths and lithium. Unfortunately, the mining industry is heavily regulated under numerous federal laws—including the National Environmental Policy Act, the Federal Land Policy and Management Act, the Clean Water Act, the Endangered Species Act, and the National Historic Preservation Act—as well as state and local laws.

Action Items (Congress):

- Congress should **reform the slow permitting process for mining projects**. That should include the following reforms:
  - Establish a federal office to oversee and streamline mining permits by **managing coordination among all relevant federal agencies**.
  - **Create enforceable and accelerated deadlines** for mining permits.
    - The presumption should be that the permit *shall be* issued if no decision is made by the deadline.
  - **Prohibit the EPA from using the Clean Water Act to preemptively veto** a project or retroactively veto a lawfully issued permit, as happened with the Pebble Mine in Alaska and Spruce 1 Coal Mine in West Virginia, respectively.

How It Would Make Life More Affordable:

- Increasing domestic production would make the U.S. less vulnerable to Chinese export controls that have driven up prices for key minerals, including bismuth, antimony, and rare earths.
- Minerals are a key part of many everyday products, like smartphones, which contain about eight rare earth metals, and electric vehicles, which use copper, lithium, nickel, manganese, cobalt, graphite, zinc, and rare earths.

Related Legislation: Critical Mineral Dominance Act (H.R. 4090); ESA Amendments Act of 2025 (H.R. 1897); Mining Regulatory Clarity Act (S. 544, H.R. 1366); PERMIT Act (H.R. 3898); Protecting Domestic Mining Act of 2025 (H.R. 1501); SPEED Act (H.R. 4776).

BOTTOMLINE: America can't allow red tape to stand in the way of accessing and utilizing the mineral resources that are imperative to so much modern technology.

Freedom to Work and Enterprise

Affordability depends equally on how much something costs and how much income someone earns. Work and enterprise are the only enduring sources of income, and they are foundational to the American dream and to human flourishing. The freedom to work and to enterprise—to decide how to use one's talents and efforts to provide for oneself and to serve others—has fueled 250 years of American prosperity.

People's labor—both physical and intellectual—is an essential input in the goods and services that sustain us and make our lives easier and more enjoyable. When Americans have the freedom to work and to hire others, we get more goods and services at lower costs—thus, greater affordability.

The freedom to work is more than the ability to get a job. It's about people being able to agree to work on mutually acceptable terms without the government acting as a gatekeeper. It's about allowing employers and employees to negotiate directly, instead of allowing third-party representatives to take away workers' individual voices.

The freedom to work is inextricably linked to the freedom of enterprise—the entrepreneurial pursuit of creating new products and services or building new businesses through the coordination of workers and capital. While businesses come in all shapes and sizes, they share two unavoidable realities: every business starts small, and every business faces the risk of failure. Labor policies that purport to be pro-worker but impose heavy burdens on business enterprises ultimately hurt workers and consumers by reducing incomes and raising prices.

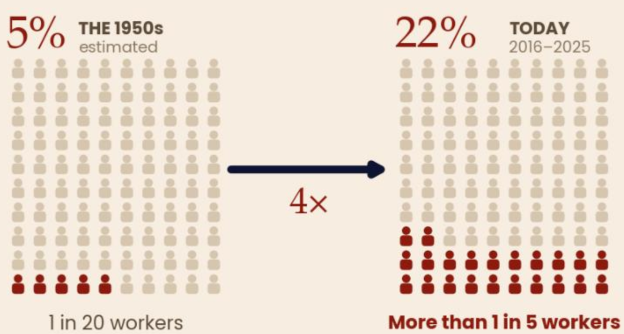
Many laws and regulations seek to control how the labor market operates, effectively limiting people's ability to set their own terms of employment. These limits reduce the productivity and incomes of some workers, cost others their jobs, and push some out of the labor force altogether.

Enacting policies consistent with the freedom to work and enterprise would ensure that more Americans earn their own incomes, achieve rising incomes, and produce goods and services at lower costs for others.

More than one in five workers now needs government permission

Share of American workers who need a license to do their job

AAF ADVANCING AMERICAN FREEDOM

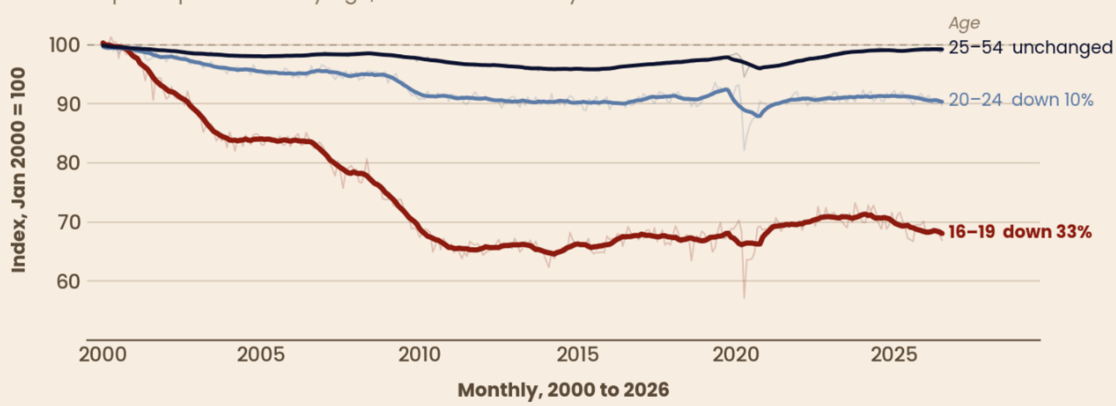


Sources: Juliet Cramer and Ryan Nunn, "What new data tell us about the growth of occupational licensure," Federal Reserve Bank of Minneapolis, December 19, 2025. The 22% share is from the BLS Current Population Survey; the 1950s figure is a researcher estimate from Kleiner and Krueger (2013), not a BLS measurement, and is not drawn from the same survey. www.minneapolisfed.org/article/2025/what-new-data-tell-us-about-the-growth-of-occupational-licensure

Teen labor force participation has fallen by a third since 2000

Labor force participation rate by age, indexed to January 2000 = 100

AAF ADVANCING AMERICAN FREEDOM



Source: U.S. Bureau of Labor Statistics, Labor Force Participation Rate by Age (LNS11300012, LNS11300036, LNS11300060) — via FRED. Faint lines are monthly readings; bolder lines are 12-month averages, since the teen series is drawn from a small CPS sample and is noisy month to month.

Plymouth Institute for Free Enterprise

Reform Occupational Licensing

Rachel Greszler, Senior Research Fellow

TOPLINE: Policymakers should eliminate or relax licensure laws and other government-imposed barriers to entry that limit competition.

BACKGROUND: In theory, licensure laws protect the public from unqualified or unscrupulous practitioners. In practice, many state licensure schemes act as cartels that protect incumbents from competition. In 1950, only about 5% of workers needed an occupational license; today, it's 22%. Licensure laws are especially harmful to younger and lower-income individuals and the more than one in four American adults who have a criminal record that can disqualify them from many licenses. Requiring people to pay hefty fees and attend dozens or hundreds of hours of training before they can legally become barbers, bartenders, ballroom dance instructors, florists, or hair braiders needlessly limits work and income opportunities. By restricting the supply of workers, licensure laws drive up the costs of goods and services, and studies consistently find that the higher prices and limited employment come with little or no measurable improvement in quality or public safety. On an annual basis, occupational licensing is estimated to cost about 1.85 million jobs and about $193 billion in misallocated resources.

Action Items (State Lawmakers):

- **Eliminate licensing requirements for occupations that do not present significant risks to public health or safety**.
- **Reduce excessive education, training-hour, examination, and fee requirements** for remaining licenses.
- **Enact universal recognition laws or licensure by endorsement** so that workers can move across state lines without repeating licensing requirements**.**
- **Replace mandatory licensure with voluntary certification** where appropriate.

How It Would Make Life More Affordable:

- Fewer unnecessary licensure requirements would increase employment and income in those occupations, while reducing the prices of the goods and services they produce.

Related State Legislation: Occupational Licensing, Reciprocity (Arizona H.B. 2569 [2019], enacted [the first universal license recognition law]); Occupational Freedom and Opportunity Act (Florida H.B. 1193 [2020], enacted [most comprehensive licensure reform]).

BOTTOMLINE: Competition—not licensure cartels—is the best protection for consumers. Governments should remove barriers to work instead of creating them.

Plymouth Institute for Free Enterprise

Reject Minimum Wage Increases

Rachel Greszler, Senior Research Fellow

ADVANCING AMERICAN FREEDOM

TOPLINE: Lawmakers should avoid further increases in either the federal or state minimum wages, and state lawmakers should consider paring back recent increases or allowing sub-minimum wages for teens.

BACKGROUND: Above-market minimum wages reduce employment and drive up prices. Lost employment opportunities are concentrated among teens and individuals with disabilities, limited education, or criminal records. When employers are forced to pay workers more than the value of what they produce, they must either employ fewer low-skill workers or raise the prices of the goods and services they produce. Many states have enacted significant minimum wage hikes in recent years, and the tight labor market has almost certainly caused employers to shift more of the minimum wage consequences into price increases instead of job losses.

Action Items (Congress and States):

- Congress **should not raise the minimum wage**.
    - While the current federal minimum wage is generally low enough to be non-binding, market wages vary significantly across the U.S., so even a federal minimum wage increase that seems modest in high cost-of-living areas could be problematic in other areas.
- **State lawmakers should scale back or cancel minimum wage hikes** that have not yet taken effect.
- In states that have minimum wages above the federal minimum, lawmakers should **add sub-minimum wages for teenagers**.

How It Would Make Life More Affordable:

- The Congressional Budget Office estimated that a $17 federal minimum wage would reduce employment and increase prices, interest rates, and federal deficits. All four of those effects reduce affordability.
- Eliminating wage mandates would expand entry-level jobs that are necessary for new workers to gain the education and experience necessary to climb the career and income ladder.
- More jobs mean more incomes. Moreover, one study found that even workers who kept their jobs after a minimum wage hike ended up with lower incomes.
- It would help reduce artificially high prices. By the author's estimates, a $17 federal minimum wage would increase childcare costs by 20% across the U.S., and by over 40% in some states.

Notable *Harmful* Proposals: Raise the Wage Act of 2025 (S. 1332, H.R. 2743); Living Wage For All Act (H.R. 8555).

BOTTOMLINE: Artificially high minimum wages result in artificially few jobs and artificially high prices.

POLICY DEPARTMENT

ADOPT RIGHT-TO-WORK LAWS

Jace White, Manager, Government Relations

TOPLINE: Congress and states should pass Right-to-Work laws, which prevent workers from being fired from their jobs for refusing to pay dues or fees to a labor union. This would force union officials to seek voluntary worker support and make it harder for them to make counterproductive contract demands.

BACKGROUND: Section 7 of the National Labor Relations Act gives workers the "right to refrain" from all union activities "except to the extent that such right may be affected by an agreement requiring membership in a labor organization as a condition of employment…" A National Right-to-Work law would remove the above exception from the NLRA, leaving workers with an unqualified right to refrain from participating in union activity. State Right-to-Work laws prevent employers from making union membership and dues payments a condition of employment. To date, 26 states have passed Right-to-Work laws.

Action Items (States, Congress):

- **The 24 states that don't yet have them should pass Right-to-Work laws**, or risk losing business to their neighbors.
- **Congress should extend Right-to-Work protections to workers in all 50 states**.

How It Would Make Life More Affordable:

- Unions that must earn voluntary financial support from workers are less likely to negotiate contracts that reward seniority over performance.
  - Businesses run more efficiently when the most talented workers can be rewarded, union approval isn't needed to improve operations, and union-ordered strikes and walkouts aren't a constant threat.
- Fewer contracts would force employers to pay workers to perform unnecessary tasks while prohibiting the use of labor-saving automation.
- In Right-to-Work states, cost-of-living-adjusted per capita disposable incomes are $3,495 higher than in forced unionism states.
- Since 2015, private sector payroll employment has grown nearly twice as fast in Right-to-Work states.
- Right-to-Work states experienced a net gain of residents aged 35-54 from 2014-2024 while forced unionism states experienced a net *loss* of residents within that prime working age bracket.
  - Americans prefer to live, work, and start businesses in states where they are less likely to be subject to union activism and dues demands.
- Right-to-Work brings economic growth, higher wages, and lower prices.

Related Legislation: The National Right-to-Work Act (S. 533, H.R. 1232).

BOTTOMLINE: Taking away union bosses' power to force workers to pay union dues would make them more accountable to workers and improve economic outcomes.

PLYMOUTH INSTITUTE FOR FREE ENTERPRISE

END SOCIAL SECURITY'S EARNINGS PENALTY

Rachel Greszler, Senior Research Fellow

TOPLINE: Congress should eliminate Social Security's Retirement Earnings Test, which functions like an additional 50% tax on some working Social Security recipients' benefits, causing them to work and earn less than they would otherwise choose.

BACKGROUND: When Social Security began in the wake of the Great Depression, policymakers wanted to push older workers out of the labor force as they incorrectly thought it would free up jobs for younger workers, so they included a retirement earnings test (RET) to limit Social Security benefits for older individuals who kept working. Despite some modifications, the RET still strongly discourages work by taking away 50 cents in Social Security benefits for every $1 someone under age 67 earns above the $24,480 RET limit. While some or all of those lost benefits can be recouped later if the individual lives long enough, the RET nevertheless imposes effective marginal tax rates of 74% for a Social Security beneficiary who earns $29,000 a year and 84% for someone earning $70,000. The RET is also confusing for seniors and difficult and costly for the Social Security Administration to administer.

Action Items (Congress):

- **Eliminate Social Security's earnings test**, allowing retirees to earn as much as they want without losing current benefits.
  - In 2000, Congress passed a bipartisan bill that eliminated the RET for individuals over the full retirement age, which was 65 at the time. The full retirement age has increased to 67 (beginning in 2027), which means that millions more seniors are potentially impacted by the test today.

How It Would Make Life More Affordable:

- Expanding the workforce would increase incomes and lower prices. I estimate that eliminating the RET would add up to 1 million older Americans to the workforce.
- By increasing economic output and incomes, this would also increase government revenues by up to $18 billion per year and save taxpayers $70 million per year in administrative costs at the Social Security Administration.
- This would modestly reduce poverty among older Americans and modestly improve Social Security's finances.

Related Legislation: Senior Citizen's Freedom to Work Act of 2026 (S. 4184, H.R. 8344).

BOTTOMLINE: Federal policy should never penalize work. Expanding work and growing incomes would unequivocally improve affordability.

POLICY DEPARTMENT

CONSCIENCE PROTECTIONS FOR CARE WORKERS

John Shelton, Vice President

TOPLINE: Policymakers should expand religious and conscience protections for care workers. Stronger, more consistent protections would attract and retain more religious and conscientious workers in the industry rather than force them out, expanding the labor force in critical sectors facing persistent shortages and rapid cost growth.

BACKGROUND: When forced to do things they think are wrong, care workers quit or never join an industry in the first place, directly impacting the quality and affordability of care. Federal protections like the Church, Coats-Snowe, and Weldon Amendments are vital countermeasures to combat attrition. Despite historic bipartisan buy-in, enforcement has been lacking in more progressive administrations.

Lacking durable federal protections, several states (Tennessee and Idaho in 2025, Utah in 2026) have adopted Medical Ethics Defense Acts covering physicians, nurses, and other licensed providers. In education, comparable pressure points include bans on prayer and policies regarding transgenderism and sexually explicit curriculum.

Action Items (Congress and States):

- Lawmakers should **create a private right of action for conscience violations**.
- Congress should **advance protections at the Department of Veterans Affairs, the Department of Defense, and other federal agencies**.
- States should **ensure conscience protections in medical education and accreditation,** including against mandatory abortion training in residencies.
- **States should adopt a Medical Ethics Defense Act** or similar statute, modeled on the Tennessee, Idaho, and Utah laws, if they haven't already.

How It Would Make Life More Affordable:

- It would help address the physician shortage, which HRSA projects will reach nearly 142,000 physicians by 2038. Care workers experiencing high moral distress are three times as likely to consider leaving.
- Lower turnover reduces the cost of recruiting and onboarding replacement staff, a cost currently passed through in prices and tuition.
- Protecting religious hospitals and schools from compliance-driven closure preserves health care access in communities where these institutions are the primary or sole provider, particularly rural and underserved areas.

Related Legislation: Conscience Protection Act (S. 1756, H.R. 3411); Conscience Protections for Medical Residents Act (S. 3238, H.R. 6219); Utah, Tennessee, and Idaho's respective versions of the Medical Ethics Defense Act.

BOTTOMLINE: Weak and inconsistent conscience protections push conscientious workers out of expensive care industries, tightening labor supply in sectors already short-staffed and driving up costs for patients, families, and students.

PLYMOUTH INSTITUTE FOR FREE ENTERPRISE

STRENGTHEN WELFARE WORK REQUIREMENTS

Rachel Greszler, Senior Research Fellow

TOPLINE: Welfare should be for those in need. Working families should not have to give up part of their paychecks to support idleness among able-bodied, working-age adults without dependents.

BACKGROUND: Milton Friedman famously said, "If you start paying people to be poor, you're going to have a lot of poor people." Similarly, when you give people welfare benefits for not working, you end up with a lot of able-bodied adults not working. This reduces economic output (which can contribute to rising costs), while simultaneously reducing government revenues and increasing government (taxpayer) costs. A single unemployed worker can cost the federal budget $4,200 per month, including costs of $2,800 in unemployment insurance, food stamps, and Medicaid benefits, plus $1,400 in lost federal income and payroll taxes. That's money that instead has to come from the paychecks of current and future workers—making things less affordable for them.

H.R. 1 imposed new work requirements and expanded existing ones in Medicaid and food stamps—the two largest state-administered federal welfare programs. Beginning in 2027, individuals ages 19-64 who are able-bodied and do not have dependents under age 14 must spend at least 80 hours per month in community engagement—including work, job training, education, or community service. Those changes were estimated to save federal taxpayers roughly $400 billion over 10 years.

Action Items (Congress and States):

- Congress should **extend H.R. 1's work requirements to other federal welfare programs**.
- **States should not attempt to broadly exempt their populations from work requirements.**

How It Would Make Life More Affordable:

- By increasing employment, work requirements help grow incomes, output, and the economy while promoting human flourishing through the dignity of work.
- Strengthening work requirements would doubly improve the federal budget—reducing welfare costs and increasing tax revenues, leading to lower inflationary deficits.

BOTTOMLINE: Workers could better afford to support themselves and their families if they didn't also have to support able-bodied adults who choose not to work.

Plymouth Institute for Free Enterprise

Expand Apprenticeship Opportunities

Rachel Greszler, Senior Research Fellow

TOPLINE: Apprenticeships should be freed from red tape and union protectionism so that they can expand into new occupations, providing more opportunities and higher incomes.

BACKGROUND: Apprenticeships are a proven pathway for people to gain on-the-job education for successful careers while receiving paychecks instead of paying tuition. Unfortunately, the federal Registered Apprenticeship Program, which was two pages of law in 1937, now spans hundreds of pages of regulations, guidance, forms, and other requirements. This red tape has prevented apprenticeships from expanding outside the male- and union-dominated trades. A 2017 Harvard study estimated that the number of occupations commonly filled through apprenticeships could nearly triple, jobs filled through apprenticeships could expand eightfold, and apprenticeship wages could be 20% higher.

In 2017, the Trump-Pence administration created an Industry Recognized Apprenticeship Program (IRAP) to open new apprenticeship doors and better align them with industry needs. Within a few years, about 130 IRAPs were created with many focused on developing workers for the nursing profession. Despite the promise of IRAPs, the Biden administration canceled them and instead issued hundreds of pages of proposed new apprenticeship regulations. Congress should codify apprenticeship expansions to reduce education costs, increase incomes, and reduce prices for goods and services that could be produced by apprenticeship graduates.

Action Items (Congress and the Administration):

- Congress and the administration should **allow new types of industry-led apprenticeships** to develop **without the red tape** of registered apprenticeship programs.

How It Would Make Life More Affordable:

- Apprenticeships offer paid education instead of six-figure tuition costs.
- Untapped occupations ripe for apprenticeships pay higher wages.
- By providing targeted and timely education, apprenticeships can reduce price increases in high-demand fields like health care and construction.

Related Legislation: Training America's Workforce Act (S. 1213 [118th Congr.]); Apprenticeship Freedom Act (H.R. 8178 [118th Congr.]); Reducing Arbitrary Barriers to Apprenticeship Act of 2026 (S. 3993).

BOTTOMLINE: Removing government barriers to new apprenticeships would drastically reduce education costs, open more pathways to successful and in-demand careers, and reduce price increases for consumers.

PLYMOUTH INSTITUTE FOR FREE ENTERPRISE

END DISPARATE IMPACT LIABILITY IN HIRING

Preston Brashers, Research Fellow

TOPLINE: Policymakers should dismantle "disparate impact" laws and rules, which can require employers to justify employment practices like aptitude tests if they have different outcomes by race, sex, or other protected class.

BACKGROUND: Title VII of the 1964 Civil Rights Act prohibited employment practices that amount to discriminatory *treatment* based on race, color, religion, sex, or national origin. A 1991 law added the potential for claims based on disparate *impact*. Since then, court interpretations, regulations and guidelines from the Equal Employment Opportunity Commission (EEOC) have left employers vulnerable to discrimination claims for business practices with no underlying discriminatory intent. "Disparate impact" liability has discouraged employers from using tests of general aptitude, instead relying on college outcomes to screen job candidates to limit risk of EEOC claims. President Trump has directed agencies to deprioritize disparate impact enforcement and prioritized a meritocracy focus at the EEOC. On June 9, 2026, the Justice Department's Office of Legal Counsel opined that the EEOC's interpretation of the disparate impact doctrine violates the 14th Amendment's Equal Protection Clause by pressuring employers to engage in race-based decision-making. Simultaneously, the EEOC has been shifting enforcement priorities away from disparate impact claims.

Action Items (Congress and the Executive Branch):

- **The executive branch should continue to challenge disparate impact doctrine**.
- **Congress should repeal disparate impact liability** under Title VII (42 U.S.C. § 2000e-2(k)) or clarify that employers cannot be held liable for practices that aren't intended to discriminate based on protected class.
- **Congress should codify safe harbor rules** that allow employers to administer general or relevant aptitude tests without risk of employment law liability.

How It Would Make Life More Affordable:

- Letting employers set their own hiring practices would improve matching of workers to jobs where they can be most productive and command a high wage.
- Reducing risk of legal, reputational, or financial damages for making "wrong" hiring decisions would cut HR overhead and make firms more willing to hire.
- Letting employers distinguish between job candidates' qualifications via testing would reduce employers' reliance on expensive degrees as a deciding factor.
    - This would reduce artificially inflated demand for degrees and alleviate upward pressure on college tuition and student loans.

Related Legislation or Proposals: Restoring Equal Opportunity Act (S. 2343, H.R. 4448).

BOTTOMLINE: Disparate impact rules can *increase* disparities in labor outcomes between those with and without degrees, hurting many of the people they are intended to help.

PROTECT FRANCHISEES AND SMALL BUSINESSES

Rachel Greszler, Senior Research Fellow

TOPLINE: Congress should end regulatory flip-flopping and codify the rights of franchisees and small businesses to manage their employees and operations free from corporate control.

BACKGROUND: Federal labor law covers situations when workers have two bosses—so-called "joint employers." Despite the longstanding common-law practice of joint employer determinations based on whether an employer exercises direct control over a worker, the definition of a "joint employer" under the National Labor Relations Board has changed *four* times over the past decade. Expanded definitions that make corporations liable for small business employees they don't control can compel them to impose control over those workers and the small businesses' operations. Changing definitions creates uncertainty that stalls growth. Expanded joint-employer definitions threaten jobs, incomes, and the entire franchise, subcontractor, and staffing-agency models.

Action Items (Congress):

- **Codify the definition of a joint employer**, consistent across all federal law, based on the potential employer exercising direct, actual, and immediate control over the essential terms and conditions of employment.
- While consistency for *all* employers is ideal, Congress should **protect the franchise model by codifying the definition of a joint employer within franchisor-franchisee relationships** based on whether the potential employer exercises substantial direct and immediate control over the essential terms of employment.

How It Would Make Life More Affordable:

- Franchises, subcontractors, and staffing agencies expand employment and incomes and provide unique efficiencies that lower costs.
- Franchising provides a proven model for Americans to own their own businesses—one that's enabled more than 230,000 franchise owners to employ nearly 9 million workers.
- Whereas expanded joint-employer standards cost jobs and threaten the entire franchise model, permanent clarity and protection for franchises would allow entrepreneurship, jobs, and incomes to grow.

Related Legislation: Save Local Businesses Act (H.R. 4366); The American Franchise Act (H.R. 5267, S. 3525).

BOTTOMLINE: Congress should protect jobs, rising incomes, entrepreneurship, and affordable products and services by permanently protecting small businesses and their workers from unwanted corporate control.

Plymouth Institute for Free Enterprise

Freedom for Entrepreneurs and Contractors

Rachel Greszler, Senior Research Fellow

ADVANCING AMERICAN FREEDOM

TOPLINE: Lawmakers should protect entrepreneurship and independent work by codifying bright-line tests, consistent across all federal law, based on the level of control an individual exercises over their work.

BACKGROUND: The platform-based gig economy has expanded opportunities for flexible, independent work. Whether full-time, part-time, or as side hustles, an estimated 72.9 million Americans—more than 40% of the workforce—performed independent work in 2025. Independent work is especially valuable to parents of young children, caregivers, and individuals with disabilities who typically need more flexibility than a traditional 9-to-5 job affords. Yet, differing legal definitions of "employee" versus "independent contractor" across federal law, as well as flip-flopping federal regulations and restrictive state laws can limit or eliminate independent work opportunities.

Action Items (Congress):

- **Clarify across all federal law that an individual who exercises significant control over their work is an independent contractor** and not subject to the same labor law restrictions and requirements as traditional employees.

How It Would Make Life More Affordable:

- It would increase incomes by enabling opportunities for people to work more and earn more. California's law that restricts independent work—AB 5—was estimated to reduce self-employment by 10.5% and lead to a 4.4% decline in total employment.
- It would reduce prices by expanding employment, which is currently roughly 5.8 million workers below where it would be at the January 2020 employment-to-population ratio. More workers would put downward pressure on the prices of goods and services they provide.
- Many people place a high value on flexible work. Without flexible options, some people cannot work at all. The average Uber driver, for example, would not drive at all if he could not control his schedule.

Related Legislation: 21st Century Worker Act (S. 2159 [118th Congr.]); Modern Worker Empowerment Act (S. 2228, H.R. 1319).

BOTTOMLINE: Congress should provide certainty and consistency across all federal law by establishing a single, bright-line test of employee or independent contractor status based on how much control an individual has over their work.

IMPROVE ENTREPRENEURS' ACCESS TO CAPITAL

David R. Burton, Senior Fellow in Economic Policy

TOPLINE: Securities laws impede the ability of small and start-up businesses to raise the capital necessary to launch and grow.

BACKGROUND: Federal securities laws require businesses to spend potentially millions of dollars on specialized attorneys, accountants, and other compliance costs to lawfully raise capital unless an exemption applies. The exemptions, however, have become increasingly complex and expensive to navigate. State blue sky laws contribute to these problems.

Action Items (Congress and the Securities and Exchange Commission (SEC)):

- **Exempt small and intermittent finders** from broker-dealer registration requirements and **provide a simplified registration process for private placement brokers**.
- **Simplify and streamline** Regulation A (the small issues exemption) and CF (crowdfunding).
- Amend the Internal Revenue Code to **disregard crowdfunding and Regulation A shareholders for purposes of the 100-shareholder limit** on S-corporations.
- **Preempt blue sky registration** and qualification requirements for all primary and secondary Regulation A and registered offerings.
- **Democratize access to private offerings** by broadening the definition of an accredited investor for purposes of Regulation D.
- **Allow traditional self-certification of accredited investor status** for all Regulation D Rule 506 offerings; **exempt startup demonstration days and pitch presentations** from general solicitation restrictions under Regulation D.
- **Exempt small micro-offerings from registration requirements**.
- **Exempt peer-to-peer lending from federal and state securities laws** and reduce the regulatory burden on Regulation CF debt securities.
- **Make the Emerging Growth Company exemptions permanent**.
- **Deregulate small broker-dealers** and **exempt private, non-custodial broker-dealers from having to use a PCAOB-registered firm for their audits**.

How It Would Make Life More Affordable:

- Expanding capital access would allow more entrepreneurship and innovation.
- It would increase competition and jobs by lowering small business costs.
- It would expand the number of investment options for ordinary investors.

Related Legislation: INVEST Act (H.R. 3383); Unlocking Capital for Small Businesses Act (S. 4493 [118th Congr.], H.R. 2590 [118th Congr.]); Fair Investment Opportunities for Professional Experts Act (H.R. 3394); SEED Act (H.R. 4171).

BOTTOMLINE: Entrepreneurs need more access to capital and less SEC regulation.

The Edwin Meese III Institute for the Rule of Law
Institute for Statistical Policy Analysis

Medical Licensure and Scope-of-Practice Reform

Paul Larkin, Senior Legal Fellow
Gadai Bulgac, Policy Analyst

TOPLINE: State legislatures should address the growing physician shortage by allowing more qualified medical professionals to practice medicine.

BACKGROUND: The U.S. faces a shortfall of nearly 142,000 physicians by 2038 to address the needs of a growing and increasingly aging population. State licensing requirements, along with a cap on the number of federally funded medical residency positions, limit the number of educated, trained, and experienced medical personnel who are able to provide care for the many conditions that people face. Fortunately, state governments can increase the number of licensed medical personnel and allow patients the opportunity to obtain quality care from qualified practitioners.

Action Items (State Legislatures):

- **Grant provisional licenses** to internationally trained physicians, as well as U.S. medical school graduates who have not been able to obtain a slot in an American residency program, to practice medicine for up to two years if they pass a U.S. standardized qualifying exam and are supervised by a licensed physician.
- **Increase the availability of telemedicine** and authorize physicians and medical school graduates to treat out-of-state patients.
- **Enact scope-of-practice reforms** to enable certain qualified non-physicians—such as physician assistants, nurse practitioners, and former military corpsmen or medics—to participate in a greater range of diagnostic and therapeutic practices.

Addressing the Physician Shortage Is Key to Reducing Health Care Prices:

- A shortage can only be dealt with by increasing supply or rationing services with higher prices, longer waits, or government restrictions.
- Increasing the number of physicians and other medical practitioners able to treat a wider range of conditions would relieve the worst effects of the health care provider shortage, including higher prices.
- More access to health professionals would have other economic benefits, including improved health from people utilizing routine preventive medical care.
    - Better preventive care would lead to higher productivity as fewer workers would miss work or be forced out of the workforce due to preventable illnesses.

BOTTOMLINE: As the nation continues to age, its demand for medical care will also continue to increase. Government policies have unnecessarily restricted medical care, but this can be remedied with reforms that expand the supply of practitioners and widen the scope of care they can provide.

ADD FLEXIBILITY TO OVERTIME PAY MANDATES

Rachel Greszler, Senior Research Fellow

TOPLINE: Overtime pay mandates can do more to limit flexibility and restrict output than they do to increase wages. Lawmakers should provide greater flexibility in overtime pay mandates to expand incomes and output.

BACKGROUND: Federal law requires employers to pay certain employees "overtime" pay equal to 1.5 times their hourly rate when they work over 40 hours in a single week. While the statute specifies that overtime rules apply to workers based on the duties they perform, Department of Labor regulations added a minimum salary threshold, below which the overtime rules are triggered. This results in the rules applying to workers Congress meant to exclude.

For example, a restaurant manager in a state with low wages and a low cost of living who would pass the duties test may not pass the salary test, so her employer may pay her hourly instead of a steady salary. Then, if she wants to switch half of a shift with a fellow manager so that she can take her child or aging parent to the doctor, her employer may prevent her from doing that because it would result in her working 36 hours one week and 44 the next—costing her employer four hours of overtime for the same amount of work. Studies have shown that rigid overtime rules and above-market salary thresholds can reduce hours and employment, lead to irregular schedules and paychecks (if workers get shifted from salaried to hourly pay), and cause workers to lose benefits and flexible or remote-work options.

Action Items (Primarily Congress):

- Congress should **allow for biweekly or monthly overtime calculation periods**.
- Congress should **clarify the original statutory intent of overtime laws, based on duties and without regard to pay**.
- If a salary threshold remains, lawmakers should **allow levels to vary based on significant differences in market wages** and costs of living across the country.
- Congress should **allow private sector workers the same option as public sector workers—to choose "comp time"** instead of cash pay for overtime.

How It Would Make Life More Affordable:

- Fewer artificial restrictions on hours and pay would reduce consumer prices.
- Hours, incomes, and total compensation would rise, enabling workers to afford more.
- Improved flexibility and remote-work options would increase work and incomes.

Related Legislation: Working Families Flexibility Act of 2025 (S. 1158, H.R. 2870).

BOTTOMLINE: Fewer overtime restrictions would reduce prices and increase incomes.

CODIFY THE PAID PROGRAM

Rachel Greszler, Senior Research Fellow

TOPLINE: The PAID program for unintentional paycheck errors would increase the amount and speed of payments returned to workers, while saving legal costs.

BACKGROUND: The Fair Labor Standards Act (FLSA) governs the minimum wage, overtime, and employee classifications that affect tax withholding. Employers sometimes make payroll mistakes related to the FLSA. For example, an employer may not realize that they are required to compensate employees for off-hours work, such as answering an email after hours, or for attending employee training. Or an employer may mistakenly fail to provide overtime pay, for example, if one of their employees holds multiple job classifications that total over 40 hours. Or they may not realize that they have to include the value of compensation like childcare benefits when calculating an employee's rate of pay for overtime purposes. There are also plenty of instances of intentional "wage theft," whereby employers knowingly withhold payments from workers.

The traditional means of enforcement for payment errors—intentional or not—is primarily reactive: an employee must complain or the Department of Labor (DOL) must select the employer for investigation. To encourage the discovery and timely reimbursement of lost wages for workers without costly litigation, the Trump-Pence administration created the voluntary Payroll Audit Independent Determination (PAID) Program, whereby employers could perform their own audits, promptly correct their errors by returning 100% of backpay owed, and subsequently eliminate the risk of future lawsuits for corrected errors. As with similar voluntary compliance programs at DOL, such as the Voluntary Protection Program and the Voluntary Fiduciary Correction Program, the PAID program was highly successful. DOL reported that **PAID cases took about half the time of other compliance actions while yielding more than ten times as much in back wages per enforcement hour.** The PAID program also increased DOL's resources to focus on more egregious and intentional violations. The Biden administration ended the PAID program in January 2021.

Action Item (Congress):

- **Codify the voluntary PAID program in law**.

How It Would Make Life More Affordable:

- It would more promptly return a higher portion of workers' wrongly withheld wages, reduce unnecessary litigation costs, and improve compliance.

Related Legislation: Ensuring Workers Get PAID Act of 2025 (H.R. 2299, S. 2267).

BOTTOMLINE: The voluntary PAID program harms no one, saves costs, and increases timely returns of workers' lost wages.

Freedom to Build

America has a proud history of building things, both great and small, dating back to before the United States was established. The Pilgrims arrived at Plymouth Rock from the Old World with almost nothing, but they managed to build an enduring colony. Pioneers on America's frontier worked tirelessly building homesteads and farms that allowed them to be fruitful and multiply and to settle the land. In the late 1800s and early 1900s, Americans rapidly built a great network of railroads. And in the decades that followed, they built factories churning out Model Ts, skyscrapers, nuclear power plants, telecommunication networks, and more.

Sadly, the legal labyrinth that has accumulated in the United States, especially over the past six decades, has added massive obstacles for builders. Housing, energy infrastructure, factories, hospitals, and transportation projects all face environmental reviews that can stretch many years. Restrictive zoning and wage mandates artificially inflate costs. Cumbersome codes require unnecessary and often unwanted features. All of this leads to less construction and higher prices.

Perhaps the greatest barrier to construction in America today is the permitting process. Policymakers must prioritize streamlining the permitting process so that new construction doesn't get buried in red tape. States should enact legislation replacing discretionary local approvals with clear rules, and they should strip building codes of requirements that raise construction costs without meaningful benefit.

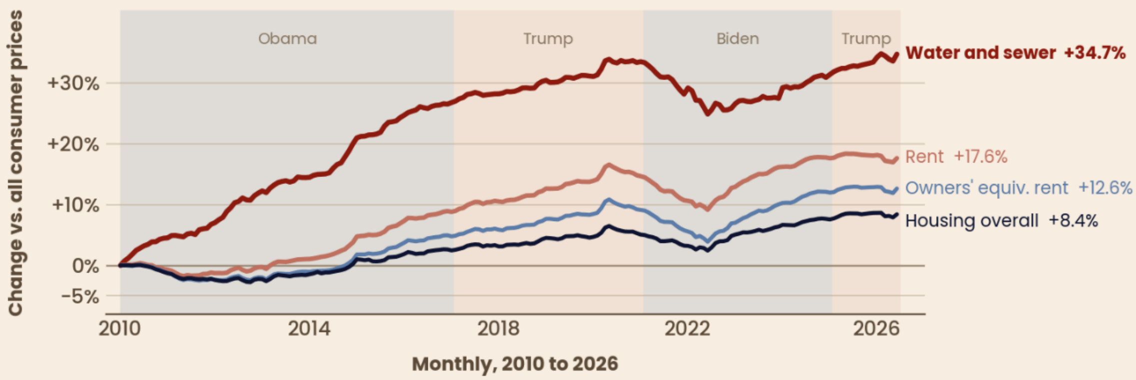
When companies do manage to navigate all the restrictions on building, they are faced with a tax code that hits many construction projects with a drawn-out depreciation schedule that punishes major capital expenditures.

Burdensome laws and regulations aren't just a problem for privately funded construction projects. Government-funded construction projects are also bogged down by misguided policies that drive up costs for taxpayers. The Davis-Bacon Act's unscientific prevailing wage determinations inflate federally funded construction, while competition is limited by project labor agreement mandates and other laws, regulations, and practices that favor politically connected firms.

This chapter provides policymakers with tangible policy proposals to make building easier and less costly.

Housing costs have outpaced overall inflation over the past 15 years

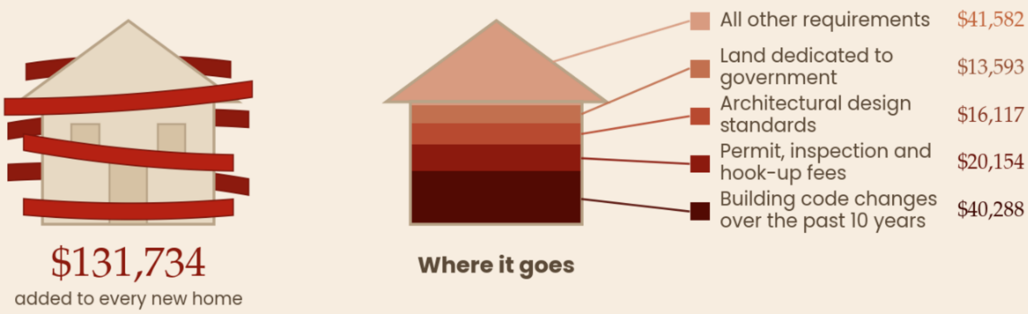
Real price change since 2010, relative to all consumer prices



Source: U.S. Bureau of Labor Statistics Consumer Price Index series. Each index is deflated by headline CPI and rebased to January 2010, so the lines show the changes in price categories relative to all consumer prices. Missing months are linearly interpolated.

Red tape adds $131,734 to the price of a new home

The cost of government regulation is equal to 26.4% of the price of a new single-family home



Sources: National Association of Home Builders, "Government Regulation in the Price of a New Home: 2026" (June 2026), a survey of builders and land developers. Regulation is 26.4% of the $499,500 average price of a new home in January 2026, as reported by the U.S. Census Bureau. Bands are drawn in proportion to area, not height. Figures are nominal.

Plymouth Institute for Free Enterprise

Sell Unused Federal Land

Austin Gae, Policy Analyst

TOPLINE: Congress should expand private landownership and the development of more affordable housing by requiring the Bureau of Land Management (BLM) and the U.S. Forest Service (USFS) to hold annual land sales.

BACKGROUND: Historically, the federal government transferred large amounts of public land to private parties and states through laws such as the Homestead Act of 1862, which allowed Americans to claim 160 acres of public land if they lived on and improved it for five years. These laws greatly expanded private ownership as about 1.3 billion acres of public land were transferred from federal ownership.

Today, the federal government hoards lands and limits private ownership, especially in the West. The federal government is by far America's largest landowner, owning about 28% of all U.S. land. That is about half of the land in the 12 western U.S. states (Alaska, Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming) and about 4% of the land in the rest of the country. Limited private land availability constrains new housing and business development, raising costs and reducing opportunities for families.

Four agencies manage more than 95% of the federal government's 640 million acres.

- The BLM manages 245 million acres;
- The USFS manages 193 million acres;
- The U.S. Fish and Wildlife Service manages 96 million acres; and
- The National Park Service manages 85 million acres.

Action Items (Congress):

- **Require the BLM and USFS to sell** at least 1 of every 200 acres they manage each year.
  - This would exclude national parks managed by the National Park Service and wildlife refuges managed by the U.S. Fish and Wildlife Service.

How It Would Make Life More Affordable:

- It would increase the supply of land available for housing development.
- More land would enable the construction of more factories and industrial capacity, building more opportunities for American workers.
- It would facilitate more productive development of energy and mineral resources and responsible private stewardship of renewable resources like timber, which would help bring down costs for American families.

Related Legislation: No Net Gain in Federal Lands Act of 2025 (H.R. 775).

BOTTOMLINE: More land should be available to individual property owners who would prize their small piece of the American dream.

Plymouth Institute for Free Enterprise

Reduce Zoning Restrictions

David R. Burton, Senior Fellow in Economic Policy

ADVANCING AMERICAN FREEDOM

TOPLINE: State and local zoning laws restrict housing supply and increase the cost of building homes.

BACKGROUND: The first U.S. zoning law was adopted in New York City in 1916. After the U.S. Department of Commerce developed and promoted the Standard State Zoning Enabling Act (1924) and the Standard City Planning Enabling Act (1928), states rapidly adopted zoning laws. By 1930, 35 states had laws enabling local zoning ordinances. Now all do. Local zoning ordinances vary dramatically but have become increasingly restrictive, prescriptive, and complex over the years.

Action Items (Primarily State and Local Governments):

- **State Zoning Enabling Acts should place specific, enforceable limits** on how restrictive and prescriptive local zoning ordinances can be, particularly ordinance provisions that limit housing supply and raise costs.
- **States should enact legislation that allows projects to proceed as a matter of right** if they comply with established land use and building regulations, without the need for discretionary review or approval.
- **Local jurisdictions should remove zoning restrictions** that limit supply and raise costs, and target needlessly restrictive rules related to permitted density, floor-area-ratio limits, building height, minimum lot size, street frontage requirements, setback requirements, lot division, design standards, "inclusionary zoning," and neighborhood plans or overlay zones that reduce a parcel's feasible yield or buildable area. In general, objective development standards should replace discretionary standards.
- **Federal policymakers should consider conditioning federal housing aid** (over $50 billion annually) on state adoption of Zoning Enabling Act reforms that remove provisions that artificially raise housing costs.

How It Would Make Life More Affordable:

- Reducing zoning restrictions would substantially improve housing affordability by increasing the supply of housing and reducing the cost of building new homes.

Related Model Legislation: By-Right Housing Development Act; FAIR (Fairness, Accountability, and Integrity in Rezoning) Zoning Act (relating to third-party zoning challenges); Property and Land Use Stability (PLUS) Act (restricts down-zoning without property owners' consent); Private Property Protection Act (requires compensation for regulatory takings); Ending Housing Extortion Act (disallows the imposition of unrelated fees and conditions to procure project approval).

BOTTOMLINE: State and local officials who want more housing to be built should stop burying builders under voluminous, complex zoning restrictions.

Reform Building Codes and LEED Rules

Joel Griffith, Senior Research Fellow

TOPLINE: Burdensome building codes and mandatory green-certification requirements add to the costs of new homes. States should slow the cycle of required code updates, make green certifications voluntary, and prohibit federal energy-code overreach.

BACKGROUND: Government regulations now add $131,734 to the price of the average new home (26.4% of the total) according to estimates from the National Association of Home Builders, including nearly $38,000 per home from changes to building codes over the past five years. The 2021 International Energy Conservation Code (IECC) alone can add an estimated $20,000-$31,000 per home, and many states impose similarly stringent building-energy codes.

Action Items (Congress, States and Localities):

- States and localities should **require an affordability review before adopting any new model building or energy code**.
- States and localities should make Leadership in Energy and Environmental Design (LEED) and other **green-building certifications voluntary** (rather than mandatory) for permitting, public housing, and tax incentives.
- Congress should permanently **codify the rescission of the 2021 IECC/ASHRAE 90.1 energy standards** as a condition of federally backed financing for new construction and prohibit similar mandates.
    - HUD and USDA had imposed this code on FHA- and USDA-backed mortgages for new construction.

How It Would Make Life More Affordable:

- Code changes add tens of thousands of dollars to the price of the average new home.
- Bipartisan single-stairway reforms in Texas, Colorado, and Montana cut small-apartment construction costs by 6-13% with no measurable increase in fire risk.
- Eliminating mandatory LEED certification would save roughly $19,000 per "affordable" unit.

Related Legislation or Proposals: Texas S.B. 2835 and Colorado H.B. 25-1273 (single-stairway reform, 2025); California A.B. 130/A.B. 306 (six-year building-code freeze, 2025); HUD-USDA rescission of the 2021 IECC/ASHRAE 90.1-2019 mandate (April 2026).

BOTTOMLINE: Overly prescriptive building codes and green-certification mandates can add tens of thousands of dollars to the cost of new housing, often with little benefit. States should pause or roll back excessive code requirements and end energy-efficiency mandates, while Congress should roll back delegated regulatory authority over federal energy codes.

STREAMLINE PERMITTING

David R. Burton, Senior Fellow in Economic Policy

TOPLINE: Federal and state permitting rules cause large delays and expense on most major projects.

BACKGROUND: It often takes many years and many millions of dollars to get permission from multiple federal and state agencies to build a new factory, mine, oil or gas wells, power plant (whether using conventional or alternative sources of energy), transmission line, or similar project. The expense and delay involved in securing permits increases costs, drives manufacturing and other industrial production out of the United States, and results in the loss of many high-paying jobs. Incremental reforms have not successfully addressed the problem.

Action Items (Congress and States):

- **The law should require that a lead agency be assigned for each application.**
  - Other agencies should be required to cooperate with the lead agency. (This is sometimes referred to as a "one-stop shop").
- **The law should require that the lead agency "shall issue" the required permits within a specified period** unless the agency establishes, in written findings of law and fact, that clear and convincing evidence demonstrates that the permit should not be issued.
- **Congress should create and fund a specialized Article III court** (not a captive administrative law court) **that can expeditiously resolve permitting disputes,** including whether a permit should be granted and whether the information provided is sufficient.
  - Congress should require that all third parties (whether private parties or state or local governments) who wish to contest a permitting decision must engage at this point in the litigation, and **it should bar third parties from challenging the granting of a permit in other jurisdictions or venues or at a later date**.

How It Would Make Life More Affordable:

- Streamlined permitting would increase supply and competition, reduce costs and prices, and enhance wages and opportunity.

Related Federal Legislation: RED Tape Act (H.R. 6398); SPEED Act (H.R. 4776); FREE Act (S. 238, H.R. 689); CERTAIN Act (H.R. 8308); FREEDOM Act (H.R. 7329); SPEED and Reliability Act of 2025 (H.R. 5600).

Related State Legislation: State Permit Transparency and Efficiency Act; By-Right Housing Development Act

BOTTOMLINE: The current permitting system is a massive obstacle to prosperity because it reduces competition, sacrifices good jobs, and increases costs and prices.

PLYMOUTH INSTITUTE FOR FREE ENTERPRISE

REJECT RENT CONTROL AND EVICTION MORATORIA

Joel Griffith, Senior Research Fellow

TOPLINE: Rent control and eviction moratoria shrink the supply of rental housing, deter new construction and upkeep, and erode fundamental private property rights. Lawmakers at every level should reject these price and occupancy controls.

BACKGROUND: Rental costs rose roughly 51% over the past decade, outpacing overall inflation. Laws that artificially depress rents, impede evictions, and handcuff property managers do nothing to solve the affordable housing problem. When cities like Portland, New York City, and San Francisco adopt such policies, they deter construction of new units and can leave renters stuck in more dilapidated conditions as landlords have less incentive to spend on upkeep and remodeling.

Economist Assar Lindbeck once cautioned, "In many cases rent control appears to be the most efficient technique presently known to destroy a city—except for bombing." Vietnam's leadership linked the abject condition of Hanoi's housing in 1989 to rent control. Then-Foreign Minister Nguyen Co Thach said, "The Americans couldn't destroy Hanoi, but we have destroyed our city by very low rents."

Action Items (Congress, Federal Executive Branch, States):

- **Lawmakers should reject federal rent-control schemes**, including proposals to cap annual rent increases nationwide and the 2024 White House proposal to condition depreciation schedules on 5% rent caps.
- **States such as Oregon, California, Washington, and New York should repeal statewide rent caps**.
- **Congress should prevent federal agencies from imposing eviction moratoria**.
- **State legislatures should preclude municipalities from imposing rent control or unnecessary barriers to evictions**.

How It Would Make Life More Affordable:

- Rejecting rent control and eviction moratoria would restore incentives to build and maintain rental housing.
- Ending the threat of price controls and perpetual squatters would reduce the rent premium that landlords require to justify absorbing such risks.
- It would preserve the rule of law, property rights, and contract enforcement, which underpin the long-term investment needed for housing abundance.

Notable *Harmful* Federal Proposals:

- Sen. Bernie Sanders's (I-Vt.) "Housing for All" national rent-control plan.
- The 2024 White House federal rent-cap proposal.

BOTTOMLINE: Rent control and eviction moratoria have failed where they've been tried. Policymakers should learn from these mistakes and reject these controls.

Plymouth Institute for Free Enterprise

Full Expensing for Rental Housing

Preston Brashers, Research Fellow

ADVANCING **AMERICAN** FREEDOM

TOPLINE: Congress should facilitate more housing construction by allowing rental housing developers to fully expense construction costs when the property is made available for rent, instead of delaying deductions by up to 27.5 years, as under current law.

BACKGROUND: The federal tax code has generous subsidies for housing development projects that state housing authorities select to receive allocations of low-income housing tax credits (LIHTCs). Unfortunately, these subsidies are enormously complicated, distortionary, and ineffective at expanding supply.

Simultaneously, the tax code has *punitive* treatment for developers *not* receiving those subsidies because of the tax system's slow depreciation of new housing investments. Businesses deduct most costs when they're incurred, but those related to housing construction or improvements are typically capitalized and depreciated over 27.5 years from the time the property is available for rent. Therefore, roughly speaking, a developer who incurs $1 million in construction costs can only deduct $36,364 of that amount per year for 27.5 years. The taxpayer can gradually recover the full $1 million in deductions, but the value of deductions erodes with inflation and borrowing costs over the nearly three-decade period.

Action Items (Congress):

- **Allow companies to fully deduct residential rental property** construction and improvement costs when the property is made available for rent.
  - Short of that ideal, Congress could allow residential rental housing to follow an accelerated depreciation schedule (15 years or less).
  - Alternatively, Congress could enact neutral cost recovery for residential rental property, which would increase the amount of deductions after the first year to account for inflation and interest costs.
- **Phase out LIHTC subsidies**.

How It Would Make Life More Affordable:

- It would free up capital for developers who don't claim government subsidies, allowing them to expand the housing supply.

What About Owner-Occupied Housing? The inability to expense construction costs is less problematic for developers who *sell* to homebuyers, because the capitalized costs can be deducted from the gain they realize *upon the sale of the house*.

Related Legislation: CREATE JOBS Act (S. 2056, H.R. 3967).

BOTTOMLINE: Housing costs have soared over the decades as the government has picked winners and losers with subsidy programs. More subsidies aren't the answer. Instead, the government should end implicit tax penalties for builders.

Plymouth Institute for Free Enterprise

Full Expensing for Commercial Buildings

Preston Brashers, Research Fellow

TOPLINE: Congress should allow full and immediate expensing for all commercial, industrial, and agricultural buildings, structures, and privately owned infrastructure.

BACKGROUND: The One Big Beautiful Bill (OBBB) enabled companies to deduct costs related to the construction of factories in the year they are placed in service. Previously, the tax code only allowed firms to gradually deduct these costs according to a 39-year depreciation schedule. Unfortunately, this "full expensing for factories" provision is set to expire as it only applies if construction begins by the end of 2028 and the building is placed in service by the end of 2030. Moreover, it only applies to a small subset of business structures—those that are integral to the manufacturing, production, or refinement of tangible personal property within the United States.

Construction of other non-residential structures is generally still subject to a 39-year depreciation schedule. Instead of allowing companies to immediately deduct costs related to the construction of non-residential structures, the tax code only allows firms to deduct 2.56% of the costs per year. This exceptionally unfavorable tax treatment deters new construction of distribution centers, warehouses, barns and agricultural buildings, pipelines, utility structures, laboratories, data centers, offices, medical clinics, hotels, theaters, stores, restaurants, and more.

Action Items (Congress):

- **Make permanent the temporary full expensing for factories** and other qualified production property that was enacted in OBBB.
- **Allow companies to fully deduct non-residential property** construction and improvement expenses *when* the property is placed in service.
    - Short of that ideal, Congress could allow all non-residential property to follow an accelerated depreciation schedule (15 years or less).
    - Alternatively, it could enact neutral cost recovery for non-residential property, which would increase the amount of deductions after the first year to account for inflation and interest costs.

How It Would Make Life More Affordable:

- Ending punitive tax treatment for non-residential structures would help reduce costs across the economy by making it more economical to invest in factories, distribution centers, warehouses, utility infrastructure, and more.
- It would free up more capital for growing businesses to rapidly expand production.

Related Legislation: Section 70307 of OBBB.

BOTTOMLINE: Tax barriers that discourage the construction of new workplaces make it harder for Americans to work productively and create abundance.

Plymouth Institute for Free Enterprise

Repeal Davis-Bacon Act

Rachel Greszler, Senior Research Fellow

TOPLINE: Repealing the Davis-Bacon Act would reduce construction costs, expand job and income opportunities, and ensure taxpayers receive more bang for their buck.

BACKGROUND: The Davis-Bacon Act is a 1931 law that requires contractors on federally funded construction projects to pay at least the local "prevailing" wage. While the law has lost its discriminatory intent against black workers, its reliance on collectively bargained wage and benefit rates effectively discriminates against non-unionized construction companies and the 89% of construction workers who are non-unionized.

The Davis-Bacon Act and the 71 active related acts collectively apply to an estimated $217 billion in federal and federally assisted construction spending per year and provide minimum-wage rates for an estimated 1.2 million U.S. construction workers. Davis-Bacon drives up federally funded construction costs by an estimated 9.9%. This is because the Department of Labor (DOL) uses its own contrived calculations of "prevailing wages" instead of actual market wages. For example, market-based wage surveys from the Bureau of Labor Statistics (BLS) show that wages for cement masons are $36.95 per hour in Nassau-Suffolk, NY, but Davis-Bacon wages are $51.97 per hour (41% above market wages) and Davis-Bacon benefits add $33.56 per hour—totaling about $171,000 in annual compensation for cement masons.

In 2023, the Biden administration finalized an 812-page "updated" Davis-Bacon rule that added insult to injury with more than 50 significant changes, including using new and less accurate wage-determination criteria and expanding the number of jobs and workers covered by the Davis-Bacon Act.

Action Items (Congress and Administration):

- Congress should **repeal the Davis-Bacon Act**.
- Short of full elimination, the DOL should **apply more accurate wage and benefit determinations** using the BLS's vastly superior surveys.

How It Would Make Life More Affordable:

- Eliminating the Davis-Bacon Act would save taxpayers about $21.5 billion annually, while also reducing upward pressure on non-federally funded construction costs.
- This would increase competition and expand opportunities for smaller construction companies and the 89% of construction workers who are not unionized.

Related Legislation: Davis-Bacon Repeal Act (S. 4477, H.R. 8602).

BOTTOMLINE: Perhaps more aptly described as Destroying-Building Affordability, the Davis-Bacon Act, which drives up prices and restricts competition, must go.

END CERTIFICATE OF NEED REQUIREMENTS

David R. Burton, Senior Fellow in Economic Policy

TOPLINE: State lawmakers should end certificate of need (CON) requirements in health care that require hospitals and other health care providers to demonstrate a "need" to state authorities before obtaining permission to build or expand their facilities or offer new services or technologies.

BACKGROUND: CON requirements are in place in 38 states plus Washington, D.C. The statutes vary substantially in their scope, but generally require bureaucratic approval before opening a new health care facility or expanding an existing facility. In many cases, permission is required before utilizing new technologies, purchasing new equipment, or offering new services. The provider must prove to the state's CON board that the community "needs" the new service. The applications involve significant cost and delay. Existing providers almost always challenge the proposals to prevent competition. Empirical studies estimate that CON requirements raise health care costs by 3-4% overall and by 7% for Medicare. CON requirements have a particularly adverse impact on rural communities. Patients benefit from competition and a robust supply of hospital beds, medical equipment, modern technology, and services. The government should not stand in the way. Government bureaucracies simply cannot determine "need" better than businesses investing their own money.

Action Items (State and Local Governments):

- **Repeal existing state CON statutes and prohibit local governments from imposing CON requirements**.
  - In states where CON requirements exist, executive branch authorities should **approve applications and liberalize regulations to ensure applications are much more likely to be granted**.

How It Would Make Life More Affordable:

- Repealing CON requirements would reduce health care costs and prices to consumers, improve competition and quality of care, and reduce wait times.

Related Legislation: The trend has been to liberalize or repeal CON laws. See, e.g., Tennessee SB 1369, enacted May 2026.

BOTTOMLINE: The government should encourage competition in health care service provision, not stand in its way.

Plymouth Institute for Free Enterprise

Ensure Competitive Government Contracts

Rachel Greszler, Senior Research Fellow

TOPLINE: Government contracts should be awarded through full and open competition so that taxpayers—not politically connected contractors—receive the best value.

BACKGROUND: Federal procurement law is built on the principle of full and open competition, recognizing that competition lowers costs, improves quality, encourages innovation, and protects taxpayers from favoritism and waste. Yet federal, state, and local governments increasingly impose procurement mandates and preferences that unnecessarily restrict competition by favoring certain contractors, labor arrangements, or business models over others. These restrictions—including diversity, equity, and inclusion initiatives; mandatory project labor agreements; environmental justice or affordable housing commitments; and unnecessary qualification requirements—can discourage qualified firms from bidding, reduce the number of competing offers, and increase costs.

Government procurement should remain competitively neutral by evaluating bids based on price, quality, past performance, and the ability to complete the work—not on whether contractors satisfy politically preferred criteria unrelated to successful project completion. Agencies should also be required to publicly justify any procurement restrictions that limit competition and demonstrate that any such restriction is the only way to achieve a stated purpose of the project.

Action Items (Congress, Administration, and States):

- Lawmakers should strengthen and enforce **full and open competition in government procurement.**
- Federal and state executive agencies should **prohibit agencies from imposing procurement requirements that unnecessarily restrict qualified competition** or favor particular contractors, labor arrangements, or business models, and require justification and public reporting for any exceptions.

How It Would Make Life More Affordable:

- Increased competition would lower procurement costs, saving taxpayers money.
- Removing unnecessary barriers would expand opportunities for small businesses, merit-shop contractors, and innovative firms, increasing productivity and improving project quality.

Related Legislation: Fair and Open Competition Act of 2025 (S. 1064, H.R. 2126).

BOTTOMLINE: Government should award contracts through full and open competition—prohibiting special-interest procurement requirements that favor politically connected contractors—so that taxpayers receive the highest-quality goods and services at the lowest possible cost.

Plymouth Institute for Free Enterprise

End Project Labor Agreement Mandates

Rachel Greszler, Senior Research Fellow

TOPLINE: By restricting competition, project labor agreements (PLAs) drive up costs, enable inefficiencies, and limit job opportunities.

BACKGROUND: PLAs are collective bargaining agreements (CBAs) that set certain labor relations terms of a project before an entity is hired for that project. By requiring union contracts, government-mandated PLAs prevent non-unionized companies and non-unionized workers from working on government-funded construction projects. Economic analyses of PLAs conclude that they increase costs and limit the number of bids, reducing project efficiency. Scientifically rigorous evaluations of school construction costs in California and Ohio found that schools built under PLAs cost between 13% and 15% more than those without PLAs, and New Jersey's analysis found that projects with PLAs cost 30.5% more per square foot than those without PLAs. A survey of builders and contractors revealed their overwhelming belief that PLAs limit competition, decrease efficiency, increase costs, harm workers, undermine workforce development, and may reduce safety and quality. PLAs also can cause workers who are forced to temporarily join unions to lose the unvested pension contributions made on their behalf.

When the Obama-Biden Administration encouraged—but did not mandate—PLAs, a study found that the Department of War decided against PLAs in 99.4% of its merit-based decisions. Among the reasons were concerns about increased costs and reduced efficiencies; labor unrest and contractor disputes; delays; and discrimination against non-union employees and contractors. The Biden administration abandoned the policy of simply encouraging PLAs and finalized a rule **mandating** the use of PLAs on federally funded projects of $35 million or more. About 25 states have laws that prohibit mandated PLAs in public construction.

Action Items (Congress, the Administration, and States):

- Lawmakers should **require open competition in government contracts**.
- Absent legislative action, the administration should **eliminate PLA mandates**.

How It Would Make Life More Affordable:

- Ending PLA mandates could reduce taxpayers' costs for government projects by roughly 10% to 30%, saving tens of billions of dollars annually.
- Opening government contracts to construction companies and workers who are not unionized would lead to better matching of construction teams and projects, enhancing opportunity and driving efficiency gains throughout the industry.

Related Legislation: Fair and Open Competition Act of 2025 (S. 1064, H.R. 2126).

BOTTOMLINE: Lawmakers should not impose project labor agreement mandates that drive up costs, reduce quality, and limit opportunity.

Freedom to Innovate and Compete

The free enterprise system is the most reliable price-suppressing system ever devised. Yet across large swaths of the U.S. economy, government has subsidized and protected favored businesses or sectors and squelched innovation and open competition. In some instances, government has become a direct industry participant as an owner, operator, or guarantor. This chapter identifies areas where the state needs to withdraw and allow private innovation and competition to produce the abundant supply needed to bring down inflation.

Widespread and dynamic innovation is only possible when people are allowed to reap the benefits of the new ideas they develop and bring to the market. Most ideas never turn into commercially successful ventures. Innovators may have dozens of small failures before achieving a big breakthrough. If lawmakers and regulators squeeze out the profits in the good times, fewer innovators and investors will be willing to suffer through the lean years. Without innovation, there is stagnation and scarcity.

But regulation, taxes, and other restrictions aren't the only ways the government can reduce an industry's competitiveness. One of the worst things the government can do for an industry is to use its financial resources and authoritative powers to try to support it. When the government takes an ownership interest in a business or bails out an industry, it signals that a key to success is proximity to power and staying in the good graces of the state. Businesses then shift resources and focus away from satisfying customers and toward satisfying lawmakers and regulators.

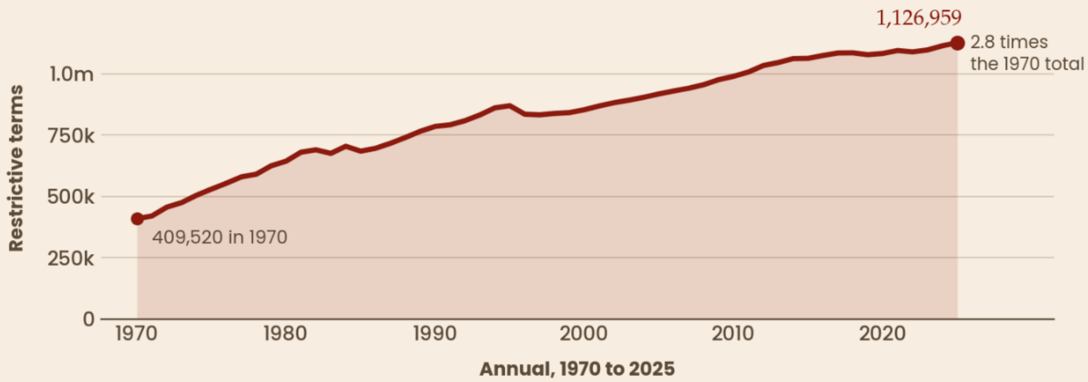
This chapter discusses several policy changes that would help reinvigorate innovation and competition in different parts of the economy. It describes the potential of artificial intelligence and data centers to raise productivity and living standards—if lawmakers and regulators don't stand in the way. It discusses barriers that should be removed to promote more research and development in pharmaceuticals and other industries. Several memos focus on specific industries where the government is an active participant, and where privatization is needed. Finally, it proposes ways that the courts and Congress could better act as checks on the expansion of the regulatory state.

Free enterprise is the key to innovation and competition. When countries abandon free markets, they are doomed to stagnation and scarcity. But if America embraces innovation and market competition, greater abundance and affordability are possible.

The regulatory code has nearly tripled since 1970

AAF ADVANCING AMERICAN FREEDOM

Restrictive terms in the Code of Federal Regulations

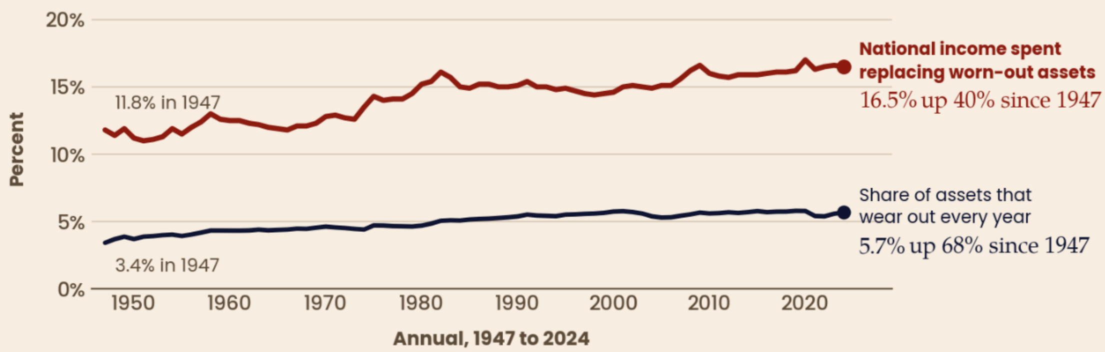


Source: Mercatus Center at George Mason University, QuantGov RegData: counts of restrictive terms (i.e., shall, must, may not, required, prohibited) in the Code of Federal Regulations, summed across every title and part in each year. This counts restrictive language, not rules, and does not weight by significance.

The machines, buildings, and software that run the economy wear out faster

AAF ADVANCING AMERICAN FREEDOM

How fast America's productive assets wear out, and how much goes toward replacement



"Assets" above refers to physical productive assets, e.g., machinery, equipment, vehicles, factories and other structures, software, and intellectual property, not money or financial assets. Source: U.S. Bureau of Economic Analysis, Shares of Gross Domestic Income: Consumption of Fixed Capital (A262RE1A156NBEA), and Consumption of Fixed Capital: Private (A024RC1Q027SBEA) divided by the Current-Cost Net Stock of Fixed Assets: Private (K1PTOTL1ES000) — via FRED.

PLYMOUTH INSTITUTE FOR FREE ENTERPRISE

RECIPROCAL LIFESAVING DRUG APPROVALS

Preston Brashers, Research Fellow

ADVANCING AMERICAN FREEDOM

TOPLINE: Policymakers should fast-track approval of lifesaving drugs and medical devices that have been approved by trusted regulatory bodies of selected nations.

BACKGROUND: Development of new drugs is a hit-or-miss process. Only about 8% of Phase I drugs make it through all three drug trial phases *and* the regulatory stage to finally receive approval from the Food and Drug Administration (FDA). On average, it takes about 10.5 years for successful drugs to move from Phase I trials to FDA approval. Regulators tend to err on the side of moving too cautiously, because they can face stark consequences for approving drugs that turn out to be unsafe or ineffective, but they face minimal consequences for delaying approval of potentially lifesaving drugs. Surmounting these regulatory hurdles can be prohibitive, especially for drugs meant to treat rare conditions for which there is a small potential market.

Multiple International Markets, Multiple Regulatory Bodies:

- International regulators like the European Medicines Agency (EMA) and Health Canada (HC) tend to be cautious but sometimes approve drugs before the FDA.
- A 2017 BMJ Open study identified drugs that EMA or HC approved in the early 2000s for which FDA approval was lagging or non-existent.
- Revisiting the status of 23 potentially lifesaving drugs in the BMJ study shows that 15 now have FDA approval, 5 are still marketed abroad, 2 were withdrawn for commercial reasons, and *only 1* was later withdrawn for safety or efficacy reasons.

Action Items (Congress and FDA):

- **Congress should enact legislation that allows an expedited approval process** for drugs and medical devices if the sponsor demonstrates that**:**
    - The drug or device has received approval from the relevant regulatory body of one or more designated allied nations as a treatment for a condition that is often life-threatening; and
    - No such regulatory authorities have actively denied, suspended, or withdrawn approval of the drug over safety or effectiveness concerns;
- **If the FDA doesn't issue a written determination declining approval of the drug or device within 30 days, it should be deemed approved** or conditionally approved for use by patients with life-threatening conditions**.**

How It Would Make Life More Affordable:

- It would reduce duplicative red tape in the drug approval process.
- It would reduce the time and cost of getting lifesaving drugs and medical devices to the market, encouraging more innovation and creating more competition.

Related Legislation: RESULT Act (S. 3081, H.R. 1632).

BOTTOMLINE: Delaying drugs that regulators have approved costs money and lives.

PLYMOUTH INSTITUTE FOR FREE ENTERPRISE

REJECT MOST-FAVORED-NATION DRUG POLICY

Rachel Greszler, Senior Research Fellow

ADVANCING AMERICAN FREEDOM

TOPLINE: Most-Favored-Nation policy won't lower U.S. drug prices; it will restrict lifesaving and life-improving drug innovation, and it could increase U.S. dependence on Chinese drugs.

BACKGROUND: Americans are rightly upset that countries with government-run health care systems free-ride on U.S. pharmaceutical innovations while using their monopsony power to pay lower prices than Americans for pharmaceutical drugs. To address concerns about other countries' freeloading, the Trump administration issued a Most-Favored-Nation (MFN) executive order including policies that generally aim to require pharmaceutical companies to charge Americans the same or lower prices as they charge other countries for patented drugs.

While this sounds like a commonsense idea, the reality is that, instead of other countries agreeing to pay higher prices (and thus sharing more equally in the research and development costs of pharmaceuticals), they would likely retaliate and sue those pharmaceutical companies. Thus, instead of pushing more development costs onto other countries, it would push other countries' socialist pricing systems into the United States. This would stifle new development of lifesaving and life-improving drugs and reduce Americans' access to medical innovation. Moreover, as China does not follow other countries' price-cap model and Chinese medical innovation is already gaining ground on the U.S., implementing the MFN policy could cause Americans to become more dependent on China for their pharmaceuticals.

Action Items (Congress and the Administration):

- **Congress should not codify a MFN prescription drug policy into law**.
- **The administration should replace its MFN policy with a carrot-and-stick approach** of incentivizing other countries to pay higher pharmaceutical prices by **reducing U.S. trade barriers** (carrot) or by **imposing targeted tariffs against the worst offenders** (stick).
- Congress and the administration should pursue reforms that **reduce unnecessary regulatory burdens, encourage competition and innovation, and protect intellectual property rights**.

How It Would Make Life More Affordable:

- It would help ensure continued medical innovation and development of lifesaving prescription drugs, which often prevent more expensive interventions.
- Medical innovation is crucial to increasing lifespans and improving quality of life.
- Without medical innovation, new lifesaving drugs won't be available at any price.

BOTTOMLINE: MFN drug pricing would impose more costs than benefits for consumers, but reforms that reduce regulations, increase competition, and protect intellectual property rights would lower drug prices for Americans.

Plymouth Institute for Free Enterprise

Allow AI Infrastructure Productivity Gains

Austin Gae, Policy Analyst
Richard Stern, Vice President

ADVANCING AMERICAN FREEDOM

TOPLINE: Lawmakers should reject data-center moratoria and remove regulatory barriers to the reliable, affordable energy needed to power America's AI infrastructure.

BACKGROUND: Few technological advances can bolster nearly all endeavors. AI belongs in that category, as it allows a condensed and adaptable form of most collected human knowledge to be applied to solving problems from supply-chain routing to house hunting. AI, like railroads, electricity, and the Internet before, could usher in a new era of American economic growth. Sadly, in July 2026, New York became the first state to impose a one-year statewide moratorium on permitting of hyperscale data centers, forgoing huge potential benefits. To avoid stifling America's economy, the often-exaggerated resource challenges of data centers should be met not with moratoria, but by expanding energy supply through deregulation.

Debunking Myths About Data Centers:

- *Myth*: Data centers require vast amount of America's water use and land.
- *Reality:* In Virginia, which leads the country with 14% of U.S. data centers, data centers account for less than 0.5% of the state's water withdrawals.
- *Reality*: Loudoun County, Virginia, contains a significant share of global data center capacity on just 3% of the county's land, even though the county itself covers only a little more than 1% of Virginia's land.

Action Items (Congress and States):

- **Reject data center moratoria.**
- **Strengthen the grid and enable reliable, affordable power**.
  - States should repeal costly mandates and allow utilities to generate and sell electricity directly to data centers and other customers off the grid.
  - Congress should rein in the EPA's attempts to restrict coal and natural gas with overbroad interpretations of the Clean Air Act.

How It Would Make Life More Affordable:

- AI, cloud computing and data storage can make the economy more productive, helping businesses produce more goods and services at lower costs and making everyday needs more affordable.

Related Legislation: End EPA Abuse Act of 2026 (S. 4931, H.R. 9453); DATA Act of 2026 (S. 3585, H.R. 8400).

BOTTOMLINE: Allowing AI and energy infrastructure to be built will strengthen the U.S. economy and help unlock productivity gains that would make goods and services more abundant and affordable and lead to higher incomes for Americans.

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REMOVE TAX PENALTIES AGAINST FOREIGN R&D

Preston Brashers, Research Fellow

TOPLINE: Congress should end the tax penalty against American companies that conduct research and development (R&D) outside the United States, except for in countries of concern like China.

BACKGROUND: Full and immediate deductions of legitimate business expenses ensure that companies pay taxes only on their profits. Deviations from full deductibility of valid expenses are problematic, as they can cause unprofitable companies to be taxed as though they were profitable.

Prior to 2022, businesses could immediately deduct R&D expenditures, as they can most other legitimate business expenses. Then, Congress allowed a delayed provision of the 2017 Tax Cuts and Jobs Act to take effect, which put in place 5-year amortization for domestic R&D and 15-year amortization for R&D conducted outside the United States. Companies that incurred domestic R&D costs could only deduct 20% of the expense per year over a 5-year period. Companies that incurred *foreign* R&D costs could deduct only about *6.7%* of the expense per year over a 15-year period. The One Big Beautiful Bill fixed the *domestic* R&D provision, once again allowing full and immediate expensing, but the 15-year amortization of foreign R&D was left in place.

Action Items (Congress):

- **End 15-year amortization for foreign R&D and allow full and immediate expensing** (except for R&D performed in countries of concern like China).

How It Would Make Life More Affordable:

- Removing barriers to companies performing R&D where it's most cost-effective would reduce the cost of bringing new products to consumers.
- It would encourage more robust competition in the development of innovative new technologies.
- It would make American companies more competitive by reducing their taxes and giving them more freedom to determine where business activities should be performed.
- It would better allow American workers to specialize in the activities where they are most productive and command the highest wages.

R&D Performed Abroad Often Results in New U.S.-Owned IP:

- U.S.-owned companies often have arrangements with foreign affiliates that give the U.S. company the rights to intellectual property resulting from R&D performed abroad.

BOTTOMLINE: There's no good economic justification for the tax code penalizing companies for conducting R&D. Congress should unleash more development of new and innovative products at lower costs by scrapping this misguided policy.

Plymouth Institute for Free Enterprise

End the Auto Dealer Cartel

Joel Griffith, Senior Research Fellow

ADVANCING **AMERICAN** FREEDOM

TOPLINE: Most states require new vehicles to be sold through a franchised dealer. This middleman mandate adds an estimated $3,934 to $4,992 to the price of a typical new vehicle. States should legalize direct-to-consumer sales for all manufacturers, not just a select few.

BACKGROUND: Dealer-franchise statutes date to the 1930s and were enacted to protect dealers from factory pressure. They are now entry barriers in all 50 states, with some limited manufacturer exemptions for electric vehicles. A March 2026 study estimates this car "middleman tax" adds 7.9% to 9.9% to the average price of new vehicles. Dealers' inventory carrying costs, retail overhead, and commissions add up. With good cause, the Federal Trade Commission urged states more than a decade ago to ease these anti-competitive bans for all manufacturers. Narrow carve-outs, most notably for Tesla, compound the anti-competitive problem. For instance, Ohio capped Tesla at three stores while barring every other automaker from direct sales. Washington, for more than a decade, exempted Tesla before providing a similar carve-out to Rivian and Lucid in March 2026 (S.B. 6354). Other manufacturers are still prohibited from making direct sales. This cronyism harms consumers while aiding dealers and a select few manufacturers.

Action Items (States and Congress):

- States should **repeal the franchised-dealer sales requirement for all manufacturers**.
- States should **repeal store-count caps and dealer protest rights** over new competing outlets.
- Congress should **shield interstate and online direct vehicle sales from state-law obstruction**.

How It Would Make Life More Affordable:

- Allowing alternatives to dealer intermediation could reduce vehicle costs by an average of $3,934 to $4,992.
- Build-to-order distribution strips inventory financing out of sticker prices.

Related Legislation: Washington S.B. 6354 (2026).

BOTTOMLINE: The Depression-era auto dealer cartel adds thousands of dollars to the price of new vehicles, and it's time to end it.

PLYMOUTH INSTITUTE FOR FREE ENTERPRISE

END THE PROHIBITION ON ONSITE BEEF PROCESSING

Joel Griffith, Senior Research Fellow

TOPLINE: Federal law bars ranchers from selling beef harvested on their own land. Instead, every market animal must be trucked to an inspected plant. Congress should legalize onsite processing for in-state sales and use its Commerce Clause power to allow state-inspected meat to cross state lines.

BACKGROUND: The 1906 Federal Meat Inspection Act requires federal inspection of every animal slaughtered for commercial sale. The custom exemption in 21 U.S.C. § 623(a) allows onsite slaughter only for the owner's household, guests, and employees. Violating this requirement is a federal crime. Allowing onsite processing would allow ranchers to compete with offsite processors, specifically the four firms purchasing roughly 84% of fed cattle. Meat from state-inspected plants held to standards "at least equal to" federal ones is still barred from interstate commerce outside an 11-state program capped at an average of 25 employees. These USDA restrictions protect processors from rancher competition rather than advancing food safety. To avoid supply-chain bottlenecks, producers now book harvest dates 12 to 24 months in advance. Ground beef retail prices set a record $6.89 per pound in July 2026, due to a combination of tariffs on agricultural inputs and ongoing drought. Allowing onsite slaughtering could boost rancher revenue while also lowering consumer costs.

Action Items (Congress and the USDA):

- Congress should **enact the PRIME Act**, letting states authorize onsite processing for in-state sale.
- Congress should **open interstate commerce to every state-inspected plant and repeal the 25-employee average cap.**
- **The USDA should write appropriate rules for mobile and on-farm processing units.**

How It Would Make Life More Affordable:

- It would help reduce live-animal transportation costs and associated shrinkage.
- It would use competition as a check on packer margins.
  - The difference between the cost per pound of meat at the farm, packing plant, and grocery store (the farm-to-retail spread) varies primarily based on plant processing capacity, rather than consumer demand.
- USDA rule changes could provide an immediate boost in small-scale processing capacity, translating quickly to lower consumer prices.

Related Legislation: PRIME Act (S. 2409, H.R. 4700); Section 12114 (custom-exempt pilot in the House-passed farm bill, H.R. 7567).

BOTTOMLINE: A 1906 rule written for Chicago packinghouses now shields the four firms that dominate cattle buying. Ranchers should be allowed to process meat onsite.

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No Government Equity Stakes or Retaliation

Preston Brashers, Research Fellow

ADVANCING **AMERICAN** FREEDOM

TOPLINE: The federal government should not take equity stakes in companies and should divest its existing ownership stakes.

BACKGROUND: The federal government has acquired direct ownership stakes in about 30 private companies since January 2025. Before that, during the 2008 Financial Crisis, the Troubled Asset Relief Program (TARP) enabled the U.S. Treasury to acquire financial interests in struggling banks and automakers. Treasury gradually divested its TARP holdings between 2010 and 2014, but the current Trump administration does not seem to be inclined to return its acquired equity to private ownership.

The highest-profile company in the Trump administration's portfolio is Intel. In August 2025, the government bought a 10% stake in the company, making it the company's largest shareholder. Self-described democratic socialist Bernie Sanders praised the move (unsurprisingly, given that government control over the means of production is the central tenet of socialism). The administration has also acquired stakes in mineral, quantum computing, and energy companies, as well as "golden" management shares of U.S. Steel in exchange for allowing its acquisition by Nippon Steel.

Some executives may welcome such interventions in their companies as signaling government policies that will favor them. Coercion may also be a factor. In describing the deal with Intel's CEO, President Trump said, "He walked in wanting to keep his job, and he ended up giving us $10 billion."

Action Items (Congress and the Executive Branch):

- **Congress should pass legislation that requires federal agencies to divest all direct ownership in companies** by a set date and prohibit new acquisitions.
- Regardless of congressional action, **agencies should divest direct ownership stakes in companies**.
- Lawmakers and government **officials should not use their power and position to improperly coerce, give preference to, or retaliate against companies**.

Merging State Power with Corporations Benefits Insiders, Harms Everyday People:

- It skews public policy in favor of the well-connected by making the government's business interests a factor in policy decisions.
- It directs taxpayer dollars to companies favored by the government.
- It makes businesses focus on currying the favor of politicians, not consumers.
- It pushes investors toward companies chosen for their proximity to power.
  - Capital is inefficiently allocated, productivity is lost, and real wage growth is stifled when political interests drive investment decisions.

BOTTOMLINE: Lawmakers must reject the Chinese model of using government power to control the economy. Free enterprise is the key to unleashing American prosperity.

Plymouth Institute for Free Enterprise

Privatize Federal Housing Enterprises

David R. Burton, Senior Fellow in Economic Policy
Rachel Greszler, Senior Research Fellow

TOPLINE: The federal government should get out of the business of housing finance.

BACKGROUND: The federal government operates the Government National Mortgage Association (Ginnie Mae) and subsidizes two federally chartered government-sponsored enterprises (GSEs): the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). These entities were established to pursue the social goal of expanding home ownership. Explicit quotas imposed on Fannie Mae and Freddie Mac to promote "affordable" housing and finance low-income and moderate-income mortgages contributed to the housing finance collapse between 2007 and 2009. Following the financial crisis, Fannie Mae and Freddie Mac were placed into conservatorship under the Federal Housing Finance Agency (FHFA). Consequently, what started out as federal interventions to expand home ownership has required almost $200 billion of capital injections from taxpayers, and taxpayers now provide guarantees for $7.8 trillion—nearly half—of all single-family residential home mortgages.

As the government's housing finance enterprises have expanded in size and influence, they have distorted the market for home financing and increased costs and risks for taxpayers. Affordable and sustainable housing opportunities are best achieved through the private lending market. To enable more private capital to return to the housing finance system, Congress should wind down the public operations of Ginnie Mae, Fannie Mae, and Freddie Mac, ending all new mortgage securitizations, and gradually liquidate their existing portfolios over roughly five years.

Action Items (Congress):

- **Privatize Ginnie Mae** and make it clear that it does not enjoy government backing.
- **Remove Fannie Mae and Freddie Mac from conservatorship, privatize them,** and make it clear that they do not enjoy government backing.

How It Would Make Life More Affordable:

- Historically, everything the government gets into the business of financing—housing, health care, college—becomes less affordable over time.
- Government guarantees drive up housing costs by inflating housing demand.
- Government guarantees encourage excessive risk that leads to taxpayer bailouts.

Related Legislation: End of GSE Conservatorship Preparation Act of 2025 (H.R. 1209).

BOTTOMLINE: Taxpayers should not be the backstop for $7.8 trillion in mortgage debt.

PRIVATIZE FEDERAL TRANSPORTATION AND UTILITIES

David R. Burton, Senior Fellow in Economic Policy
Rachel Greszler, Senior Research Fellow

ADVANCING AMERICAN FREEDOM

TOPLINE: The federal government should get out of the business of operating transportation and utility companies.

BACKGROUND: The federal government operates numerous transportation and utility business enterprises, including the United States Postal Service (USPS), National Railroad Passenger Corporation (Amtrak), Tennessee Valley Authority (TVA), Bonneville Power Administration (BPA), Western Area Power Administration (WAPA), Southwestern Power Administration (SWPA), and Southeastern Power Administration (SEPA). (BPA, WAPA, SWPA, and SEPA are collectively referred to as the Power Marketing Administrations.) Most of these enterprises arose, at least in part, out of a desire to connect Americans—whether to communications through mail, to travel by rail, or to electricity.

The problem with government ownership of what would otherwise be private companies is that the operating decisions are separated from the market, so prices do not reflect demand and supply. This arrangement leaves taxpayers on the hook for excessive costs and inefficient operations. The USPS, for example, has lost money every year since 2007—$118 billion in total—and its debt and liabilities are twice its annual revenues. In 2025, Amtrak received more funding from the federal government than it generated in revenues, and yet it operated at a loss. Moreover, the government can use these "business" enterprises for political objectives. For example, power marketing administrations often must sell their power to "preference" customers at significantly below-market rates. Privatizing these entities could generate tens of billions of dollars in revenue for the federal government, reduce taxpayer costs and future risks, and result in a more efficient and ultimately lower-cost delivery of energy and transportation.

Action Items (Congress and States):

- **Congress should privatize the Power Marketing Administrations and the TVA,** with contracts to continue tritium production for the nuclear stockpile**.**
- **Congress should privatize the USPS and Amtrak.**

How It Would Make Life More Affordable:

- Ending taxpayer subsidies would reduce the fiscal burden of enterprises that cannot cover their costs.
- Privatization would transfer business risks from taxpayers to private owners who have the incentives to control costs, innovate, and respond to customers.

BOTTOMLINE: 21st-century Americans are more connected than ever before; they don't need the government to send and receive communications, to travel, or to connect to the power grid.

Plymouth Institute for Free Enterprise

Commercialize Air Traffic Control and TSA

Rachel Greszler, Senior Research Fellow

TOPLINE: Congress should commercialize America's air traffic control (ATC) and the Transportation Security Administration (TSA) to make air travel more efficient and affordable.

BACKGROUND: America is one of only a few developed nations that requires federal control over air traffic organization and screening functions. These outdated and inflexible systems cost travelers and businesses tens of billions of dollars annually, including tens of thousands of years of lost time from flight delays and cancellations. Government-imposed ATC inefficiencies also constrain the supply and frequency of flights, increasing prices for travelers. Annual congressional funding and federal procurement rules make it difficult to make long-term investments, adopt new technologies, and respond quickly to changing demand. Private security screeners are the norm in other countries and have proven successful in roughly 2 dozen U.S. airports.

Research shows that countries with commercialized screening and air traffic providers generally have better and more efficient service with fewer delays. Canada commercialized its ATC system in 1996 through a private, nonprofit, user-funded corporation. It now has more advanced capabilities than the U.S. and operates at roughly one-third lower costs. Switzerland's commercialized system reports approximately 95% on-time flights, compared with roughly 75% in the United States. The FY 2026 Congressional Appropriations went in the opposite direction by stating that none of the funds could be used for "the privatization or separation of the air traffic organization functions of the FAA" (Federal Aviation Administration).

Action Items (Congress):

- **Allow the commercialization of air traffic control,** similar to Canada's system**.**
- **Allow the commercialization of TSA** while maintaining federal standards.

How It Would Make Life More Affordable:

- Fewer delays and cancellations would save travelers and businesses billions of dollars in lost time and productivity.
- Market-based funding would allow service- and safety-enhancing investments.
- Commercialization would prevent federal funding debates from hampering travel.

Related Legislation: 21st Century AIRR Act (H.R. 2997 [115th Congr.]).

BOTTOMLINE: Commercializing ATC and the TSA would replace costly, bureaucratic systems with customer-focused services that can modernize faster, reduce delays, expand flight capacity, and make air travel more affordable.

Plymouth Institute for Free Enterprise

Judicial Checks on the Regulatory State

Preston Brashers, Research Fellow

ADVANCING **AMERICAN** FREEDOM

TOPLINE: Congress should codify and expand on the recent changes to judicial review made in *Loper Bright Enterprises v. Raimondo* that clarified that courts need not give deference to federal agencies' interpretations of ambiguous statutes.

BACKGROUND: The Founders intended for Congress to make laws, the executive branch to enforce them, and the judicial branch to interpret them. That model limits the centralization of government power by allowing the branches to act as checks against any branch that encroaches on the others' constitutional powers. The separation of powers has been under some strain since Depression-era realignments concentrated expansive regulatory powers in executive branch agencies.

Congress enacted the **Administrative Procedure Act** (APA) in 1946 to put guardrails on often unaccountable agencies, requiring notices of proposed rulemaking and public comment periods, and establishing a judicial review process for challenged rules. However, *Chevron v. NRDC* (1984) tilted the APA's judicial review process in favor of agencies' discretion, holding that courts should defer to agencies' "reasonable" interpretations on matters where the statute is ambiguous. But in *Loper Bright Enterprises v. Raimondo* (2024), the Supreme Court held that courts must "exercise their independent judgment in deciding whether an agency has acted within its statutory authority." *Loper Bright* instructed courts to give "respectful consideration" to executive branch interpretations, though it was silent on the separate question of whether courts should defer to agencies' interpretations of ambiguities in rules they've written.

Action Items (Congress):

- Revise the APA to **require courts to decide legal questions related to agency actions independently,** not deferring to agency interpretations of statutes *or rules*.
- Revise the APA to **require that agencies adopt the least burdensome regulatory alternatives** that still accomplish Congress's legislative purposes, unless the statute directs agencies otherwise.
- **Avoid delegating broad policymaking power to executive branch agencies**.

How It Would Make Life More Affordable:

- It would curtail agencies' promulgation of burdensome new rules.
- Fewer resources would be spent navigating the whims of unelected regulators.
- Compliance with federal regulations may cost more than $2 trillion per year.
- Agencies published 2.8 million pages in the Federal Register from 1985 to 2024.

Related Legislation: SOPRA Act (S. 33, H.R. 1605); Regulatory Accountability Act (S. 1708, H.R. 3525).

BOTTOMLINE: Congress and the courts should ensure that agencies stick to enforcing the law as written.

CONGRESSIONAL OVERSIGHT OF REGULATORY STATE

Preston Brashers, Research Fellow

TOPLINE: Congress should reclaim its full, rightful constitutional authority to legislate by requiring that major federal rules receive congressional approval.

BACKGROUND: In 1826, the *entire* federal civilian workforce consisted of roughly 10,000 people. Today, the *executive branch alone* is more than 200 times larger, with about 2.2 million civilian employees. The executive branch's ability to impose sweeping regulations has expanded as agencies have absorbed regulatory powers through congressional delegation and expansive interpretations of their statutory authority. Once authority has been delegated (or assumed), such regulatory powers may take on a life of their own. The 1996 Congressional Review Act was enacted to give Congress more oversight of federal regulations, including procedures for major rules (those with an expected annual economic effect of $100 million or more). Unfortunately, it hasn't proven very effective because blocking a rule requires a joint resolution (JR) of disapproval with either a veto-proof majority in both houses of Congress or the signature of the President (who heads the agency behind the rule).

Action Items (Congress):

- **Enact a law requiring that agencies submit major rules *and* significant guidance documents to Congress** with relevant data and cost-benefit analyses.
  - Require the relevant committees to consider and report JRs on major rules and guidance to the House or Senate floor within a prescribed time limit.
  - If committees fail to report a JR on the rule or guidance, it would be automatically discharged and proceed to the floor.
- **Require that major rules and guidance documents get congressional approval** via a JR before taking effect.
- **Require existing major rules to undergo the same congressional review.**
  - Require agencies to designate at least 10% of existing major rules annually for congressional review until all major agency rules have been reviewed.

How It Would Make Life More Affordable:

- Reining in the regulatory state would reduce costly overhead, especially for small businesses, and allow them to focus on satisfying customers instead of regulators.
- The Competitive Enterprise Institute estimates federal regulatory burdens exceed $2 trillion annually ($16,000+ per household), though it is difficult to measure precisely.

Related Legislation: Regulations from the Executive in Need of Scrutiny (REINS) Act (S. 485, H.R. 142).

BOTTOMLINE: Congress must reassert its Article I constitutional authority to legislate and stop unelected and unaccountable bureaucrats from overregulating.

Tax Reform

All taxes are paid by people, whether they're taxed as workers, consumers, investors, property holders, or business owners. And the more taxes people pay, the less disposable income they have left for everything else.

However, the harm caused by a tax isn't borne only by the person forced to pay it. When lawmakers force businesses to pay payroll taxes, for example, workers bear the brunt of the tax as employers factor the tax into their decisions about wages and hiring. Businesses pass along most of the cost of new taxes to workers and consumers not because they can, but because in the long run, they must. Most businesses operate in competitive industries with thin profit margins. Profits are necessary to motivate entrepreneurial individuals to take on the risks and challenges associated with running a business. If profits disappear, competition disappears, which ultimately harms consumers and workers.

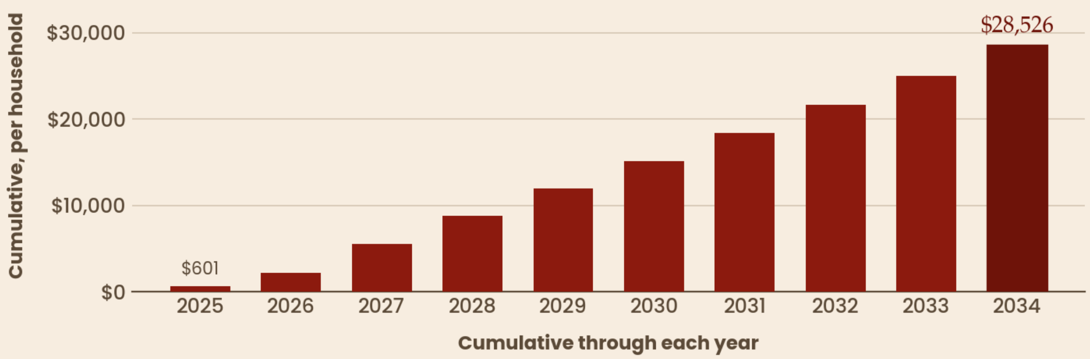
Tax reform should focus on making the tax system more neutral—it shouldn't be designed to pick winners and losers but to apply relatively evenly across the economy. Tax reform should also make taxes clearer—taxpayers should understand the tax system and shouldn't be caught by surprise by hidden taxes or dramatic changes from year to year. And tax reform should ensure that taxes are limited. When lawmakers keep taxes low relative to the size of the economy, it mitigates a multitude of design problems. But when taxes are high, all the tax system's problems are magnified.

Uncompetitive tax systems make life less affordable by interfering with producers' ability to make goods and services available to consumers. Selective excise taxes interfere with consumer choice. Carbon taxes and severance taxes restrict energy production. Income taxes limit people's freedom to work and enjoy the fruits of their labor. Excessive taxes on businesses and capital limit innovation and competition.

In short, taxes don't just get passed on to consumers. In the process, they also drag down growth, distort prices and markets, discourage productivity, and drive wedges between people who would otherwise have mutual interests in trading with and working with one another. Bad tax policy comes with a heavy price. Limiting the harm of taxes should be an essential part of any affordability agenda.

Letting the 2017 tax cuts lapse would have cost the average household $28,526

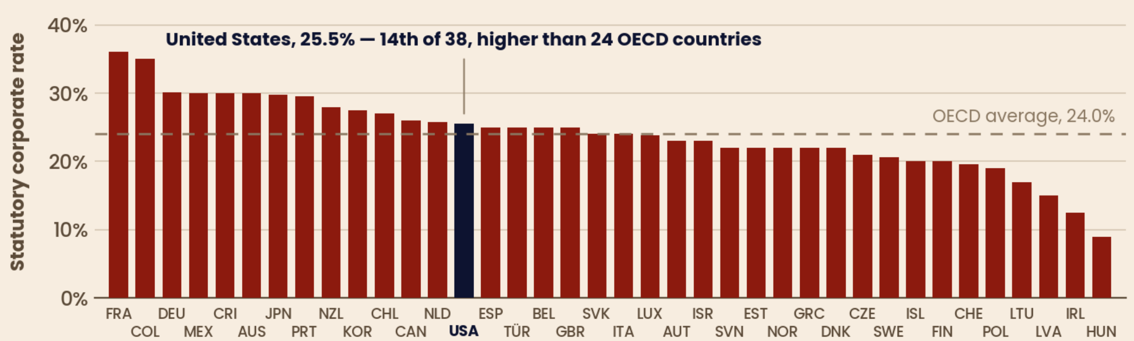
Cumulative tax increase avoided per household, 2025 to 2034



Sources: Congressional Budget Office, "Budgetary Outcomes Under Alternative Assumptions About Spending and Revenue," May 2024; household projections from the Harvard Joint Center for Housing Studies. AAF calculation: the cumulative revenue difference from extending the 2017 tax cuts, divided by projected households. This is an average across all households. Tax savings tend to be higher for taxpayers that pay more taxes.

The U.S. still taxes business more heavily than most of the OECD

Combined statutory corporate income tax rate, OECD members



Sources: OECD Corporate Tax Statistics, Statutory Corporate Income Tax Rates, combined central and sub-central rate, most recent year available. Some missing data obtained from PwC Worldwide Tax Summaries, accessed September 2, 2026. The U.S. figure is the 21% federal rate plus the average state component, which is why it exceeds the federal rate on its own.

Plymouth Institute for Free Enterprise

End Penalties on Business Investment

Preston Brashers, Research Fellow

ADVANCING **AMERICAN** FREEDOM

TOPLINE: Congress should reform the tax code to ensure that full and immediate expensing is permanently allowed for all forms of business investment.

BACKGROUND: A longstanding defect in the U.S. tax system is businesses' inability to fully deduct the costs of certain investments when they are made. Instead, the tax system often spreads such deductions over many years (up to 50 years in certain cases) based loosely on the expected useful life of the investment. Business income taxes should only apply to actual profits. Delaying deductions for valid business expenditures deviates from that ideal, as the deductions' value declines over time based on the cost of borrowing at prevailing interest rates. The inability to fully and immediately expense physical capital investments discourages spending on assets that could allow businesses to grow and that could support higher worker productivity and wages.

The One Big Beautiful Bill (OBBB) achieved significant progress toward ending implicit penalties on business investments. OBBB made full and immediate expensing for business equipment and machinery permanent. It also *temporarily* allowed full and immediate expensing for factories and certain other goods-producing structures built within the United States (but set it to expire after 2028).

Action Items (Congress):

- **Permanently extend full expensing for factories** and goods-producing structures.
- **Allow full expensing for *all* new structures**, including commercial and industrial buildings and rental housing.
- **Allow full expensing for all intangible drilling costs** (gas and oil exploration).

How It Would Make Life More Affordable:

- Full expensing for new rental property would help expand affordable housing (and could act as a pro-growth alternative to subsidies for low-income housing).
- Full expensing for factories and other structures and for gas and oil production would allow businesses to invest more in their capacity and worker productivity, resulting in higher wages and an increased supply of goods and services.

Related Legislation: CREATE JOBS Act (S. 2056, H.R. 3967).

BOTTOMLINE: Affordable goods and services depend on businesses producing sufficient output. To grow and expand, businesses must invest, and they would be able to invest more if the tax code didn't penalize it.

PLYMOUTH INSTITUTE FOR FREE ENTERPRISE

REDUCE BUSINESS INCOME TAXES

Preston Brashers, Research Fellow

TOPLINE: The federal corporate income tax rate should be reduced from 21% to 17%, along with other reforms to federal and state business taxes.

BACKGROUND: The U.S. currently has a 21% federal corporate income tax rate. The weighted average of states' corporate tax rates adds an additional 4.53%, putting the combined U.S. corporate tax rate at about 25.53% as of 2025. Based on recent rankings, that is the 14th *highest* average corporate income tax rate out of 38 OECD countries. Reducing the federal corporate tax rate from 21% to 17% would put America near the 10 *lowest* corporate tax rates in the OECD, making America a far more attractive place for businesses to be located.

After corporate income is taxed at the business-entity level, profits that are distributed to shareholders are usually taxed a second time as dividends or capital gains. Most long-term capital gains are taxed at a rate of between 15% and 23.8%. Short-term capital gains face higher ordinary income tax rates.

Businesses that are organized as pass-through entities are taxed only under the individual income tax (no corporate income tax). The top individual income tax rate is 37%, but most pass-through income qualifies for a 20% deduction that effectively reduces the top marginal tax rate to 29.6%.

Action Items (Congress and States):

- **Reduce the federal corporate income tax rate to 17%.**
- **Reduce state corporate income tax rates**.
- **Allow pass-through businesses to permanently elect to have a single flat 29% federal tax rate** paid at the business level (not upon distribution), as a replacement for the complicated 20% pass-through deduction.
- **Repeal the corporate alternative minimum tax**.
- Offset any lost revenue with **reduced government spending.**

How It Would Make Life More Affordable:

- Lower business taxes would lead to more business creation, more investment, more competition and innovation, higher productivity, and better-paying jobs.
- Lower business taxes would boost the stock market and retirement wealth.

Related Legislation: Book Minimum Tax Repeal (S. 796); amendment to reduce corporate tax rate (S. Amdt. 2366 to the One Big Beautiful Bill, failed).

BOTTOMLINE: Businesses are the economic engines that drive growth, create jobs, and produce the abundant goods and services that keep prices down. Steep business taxes stifle the nation's economic engines.

Plymouth Institute for Free Enterprise

Reduce Capital Gains Taxes

Preston Brashers, Research Fellow

ADVANCING AMERICAN FREEDOM

TOPLINE: Federal and state lawmakers should reduce capital gains taxes.

BACKGROUND: Taxpayers who sell capital assets like stocks, houses, and business properties owe capital gains taxes on the amount of gain relative to their basis in the asset. Roughly speaking, an asset's basis is the amount that is treated as having been invested into the asset prior to the realization of a gain. An asset's basis is not adjusted for inflation, so if an asset, say, doubles in value along with all other prices in the economy, the owner of the asset would owe tax on that purely inflationary gain.

The top federal tax rate on long-term capital gains is 23.8%, including a top rate of 20% plus an additional 3.8% net investment income tax (NIIT) on certain investment income. Short-term gains are taxed at up to a 40.8% rate federally. Most states also tax capital gains income as ordinary income, which adds an extra layer of tax of about 5% in a typical state, but as high as 13.3% in California.

Action Items (Congress and States):

- **Reduce the federal long-term capital gains tax rate** to a flat 15% rate.
- **Reduce the federal short-term capital gains tax** to a flat 20% rate or less.
- **Consider indexing capital gains for inflation**.
- **Increase the thresholds for the small business stock exclusion** from $75 million in gross assets to $100 million and increase the maximum exclusion amount from $15 million to $20 million.
- **States should reduce their capital gains tax rates**.

How It Would Make Life More Affordable:

- Reducing capital gains taxes would limit double taxation and encourage Americans to save and invest more and to start more new businesses.
- A lower, flatter capital gains tax would streamline financial markets and reduce the lock-in effect (where people delay selling assets like houses and stocks to delay taxes until a more opportune time).
- More investment, saving, and entrepreneurship would grow America's capital stock and productive capacity and expand the supply of goods and services.

Related Legislation: Capital Gains Inflation Relief Act (S. 798, H.R. 1857).

BOTTOMLINE: Capital gains taxes discourage Americans from saving, investing, creating, and building wealth. By limiting investment, capital gains taxes reduce productivity and wage growth.

ELIMINATE THE DEATH TAX

Preston Brashers, Research Fellow

ADVANCING **AMERICAN** FREEDOM

TOPLINE: Congress and state lawmakers should eliminate the death tax (including estate taxes, inheritance taxes, and gift taxes).

BACKGROUND: The federal government 16 state governments, and Washington, D.C. tax the assets of individuals who die or the heirs themselves (Tax Foundation data). The first $15 million of assets are exempt from the federal estate tax, but above that, most wealth is taxed at a 40% rate.

Most state death taxes exempt considerably less than the federal estate tax. Three states allow exemptions of $1,000 or less from their inheritance taxes. Maryland is the only state that imposes both an estate tax (16%) and an inheritance tax (10%). Twelve states impose only an estate tax, with the highest rates in Washington (20% currently but 35% for deaths between July 1, 2025, and June 30, 2026) and Hawaii (20%). The median state with an estate tax has a top tax rate of 16%. The four states that impose only inheritance taxes all have top rates between 15% and 16%.

The Death Tax Kills Family Businesses and Opportunity:

- Death taxes devastate asset-rich but cash-poor family farms and businesses.
- Death taxes discourage capital formation and building intergenerational wealth.
- State death taxes encourage wealthy people to move to other states.

Action Items (Congress and States):

- **Eliminate or at least reduce all forms of death taxes**.
- As a death tax repeal "pay-for", **Congress should consider reforming capital gains to include carryover in basis at death** above a given threshold (instead of a step-up in basis).

How It Would Make Life More Affordable:

- Eliminating death taxes would encourage more entrepreneurship and lead to more robust competition from family businesses that remain in the family.
- Death taxes divert millions of hours of labor away from the productive economy (or family and other pursuits) and toward compliance and estate-planning strategies.

Death Tax States Are Less Affordable:

- Twelve of the 17 states with death taxes rank among the 15 highest cost-of-living states (based on MERIC data).

Related Legislation: Death Tax Repeal Act (S. 587, H.R. 1301).

BOTTOMLINE: The death tax is salt in the wounds of grieving families. The minuscule share of revenue collected from death taxes isn't worth the cost.

Reduce or Eliminate Industry-Specific Taxes

Preston Brashers, Research Fellow

TOPLINE: Governments should rely less on taxes that are narrowly targeted at specific industries or products and should favor broad-based taxes instead.

BACKGROUND: Taxes are a necessary evil. But they should be imposed in the least destructive way possible while still allowing governments to collect the limited revenues that are needed to fund activities within government's proper scope. Taxes are least destructive when they apply evenly across the economy and are most destructive when they are designed to pick winners and losers.

The federal government primarily relies on revenues from income taxes and payroll taxes. State and local governments rely most on property, income, and sales taxes, each of which *can* apply to a broad base. But some state governments impose dozens of narrow industry- or product-specific taxes that raise minimal revenue but that distort markets, raise prices, and kill jobs in the affected industries.

Action Items (States and Congress):

- Most **taxes specific to energy production, chemicals and other heavy industries should be eliminated** or reduced. That includes severance taxes on oil, gas, and coal extraction, taxes on lumber products, and telecommunications taxes.
- **Taxes specific to transportation, tourism, telecommunications, and travel should be eliminated or reduced**, including taxes on cars, aircraft, boats, hotels, rental cars, rideshares, airfare, and entertainment, unless they are in lieu of and comparable to the general sales tax.
- **Taxes on firearms and ammunition should be eliminated**.
- At the federal level, **product- and industry-specific tariffs on friendly nations and excise taxes should be reduced or eliminated.**

What About Sin Taxes? Many governments impose "sin taxes" on everything ranging from marijuana, liquor, and gambling to sugary drinks and tanning beds. States have a role in restricting things that are harmful and inconsistent with a virtuous society—prohibiting marijuana and drug use is one example. But taxes on things like sugary drinks reflect a nanny-state mentality. For truly harmful things, there is a better case for restricting them than taxing them, as taxes only reduce use by adding a different harm (a financial penalty on users).

How It Would Make Life More Affordable:

- It would reduce distortionary taxes on business inputs, which would help lower the price of products downstream.
    - For example, cutting taxes on transportation and energy production reduces the cost of transported goods and energy-intensive products.
- Making companies compete on a level playing field reduces wasteful investment.

BOTTOMLINE: The total tax burden is lightest with a broad tax base and low tax rates.

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CUT HARMFUL STATE TAXES

Preston Brashers, Research Fellow

TOPLINE: State lawmakers should reduce reliance on taxes with narrow or poorly defined tax bases and should avoid imposing too many taxes.

BACKGROUND: Nationally, about 85% of all state and local tax revenue is collected from four broad-based taxes: property taxes, sales taxes, individual income taxes, and corporate income taxes. Some smaller, but notable, state and local taxes include gross receipts taxes, business franchise taxes, death taxes, capital stock taxes, severance taxes, real estate transfer taxes, and various selective excise taxes.

Minor Taxes, Major Harm: Many minor taxes are disproportionately harmful. Gross receipts taxes and business franchise taxes can be especially burdensome for new companies with small profit margins. Death taxes, capital stock taxes, and tangible personal property taxes discourage intergenerational wealth and capital formation. Steep severance taxes hamstring energy developers. Real estate transfer taxes reduce the turnover and new supply of housing. And while there is a place in our federalist system for states choosing to have "sin taxes" on things like alcohol, tobacco, and gambling, excise taxes on specific products should be used sparingly, unless they function like user fees.

Action Items (States):

- **Repeal the following taxes**: gross receipts taxes, business franchise taxes, death taxes (including estate, gift, and inheritance taxes), capital stock taxes, tangible personal property taxes, and real estate transfer taxes (except processing fees).
- **Reduce severance taxes and avoid applying them based on the value of production** (to avoid increasing when oil prices are surging and supply is needed).
- **Use excise taxes sparingly**. Eliminate excise taxes on tourism (e.g., lodging, rental cars), entertainment (other than sin taxes), meals, tires, firearms, bags, etc.
- **Cut income taxes**. Of the four major state taxes, corporate and personal income taxes are the most economically destructive.
- **Offset lost revenue with reductions in spending and/or a broadened sales tax base** that includes all consumer goods *and services*.

How It Would Make Life More Affordable:

- Cutting taxes on specific products and industries (like severance taxes, real estate transfer taxes, and excise taxes) would reduce costs to consumers and would lead to a less distortive tax system.
- Reducing poorly designed taxes on owners of businesses and capital would allow more entrepreneurship and reduce the cost of producing and bringing goods and services to consumers.

BOTTOMLINE: Taxes should be limited, clear, and applied evenly across the economy, but all too often state lawmakers pick economic winners and losers with tax policy.

DISTRIBUTED PROFITS TAX PILOT FOR SHIPBUILDERS

Preston Brashers, Research Fellow

TOPLINE: Congress should pilot a distributed profits tax with shipbuilders, which would allow companies to freely reinvest their earnings without penalty.

BACKGROUND: In 2025, the Navy spent $39 billion on domestic ship procurement. But aside from military contracts, which account for about 79% of domestic shipbuilders' revenues, the industry has struggled. For each large oceangoing commercial vessel that U.S. shipyards produce, China produces about 400. America's uncompetitiveness is especially noteworthy because the government has devoted significant resources to try to support domestic commercial shipbuilders, including:

- The Jones Act, which bans shipping between U.S. ports on non-U.S. vessels;
- The Small Shipyard Grant Program, which offers grants;
- The Federal Ship Financing Program (Title XI), which offers long-term loans; and
- The Construction Reserve Fund (CRF) and Capital Construction Fund (CCF), which allow owners and operators to defer taxes on certain shipyard project funds.

Tax Challenges: Income taxes present specific challenges to shipbuilders. Shipyards require enormous initial capital investments, leading to unfavorable tax treatment and delayed deductions. Building a single vessel may cost a billion dollars or more, requiring shipbuilders to secure large amounts of capital before starting projects.

Distributed Profits Tax: A distributed profits tax (DPT) would *not* tax companies on earnings that they reinvest in new projects or retain for future investments. Instead, under a DPT, businesses would be taxed only upon returning profits to shareholders through dividends, stock buybacks, etc. A DPT would be an ideal business tax system for a comprehensive reform, but a system for shipbuilders could serve as a pilot.

Action Items (Congress):

- **Allow U.S. shipyards to elect to pay a single flat DPT** on dividends, stock buybacks, and other distributions to owners and shareholders, **in lieu of other federal taxes on the business (and distributions to investors)**.
  - The DPT would be a flat tax, generally *not* allowing deductions or credits.
  - To facilitate transition, a one-time credit could be allowed for estimated income taxes already paid on retained earnings and capital accounts.
- **Phase out Title XI financing, small shipyard grants, CRF, CCF, and the Jones Act**.

How It Would Make Life More Affordable:

- It would make U.S. shipbuilding more competitive, reduce Navy procurement costs for taxpayers, and reduce the cost of shipping goods in the United States.
- If extended to all firms, a DPT would slash compliance costs and unleash growth.

BOTTOMLINE: Current policies have failed to strengthen domestic shipbuilders. It's time for lawmakers to consider a limited-government, free-market approach.

FREE TRADE AND COMMERCE

Trade is foundational to a free society. It connects people, fosters cooperation, and generates wealth and opportunity. Free trade with free nations gives Americans access to products that can't be produced as cheaply here and expands markets for U.S. firms. When lawmakers inhibit free trade with free nations, they limit consumers' access to affordable products and make it harder for domestic businesses to sell their products abroad. America's politicians have increasingly abandoned the principles of free trade under the misguided notion that blocking commerce would protect jobs.

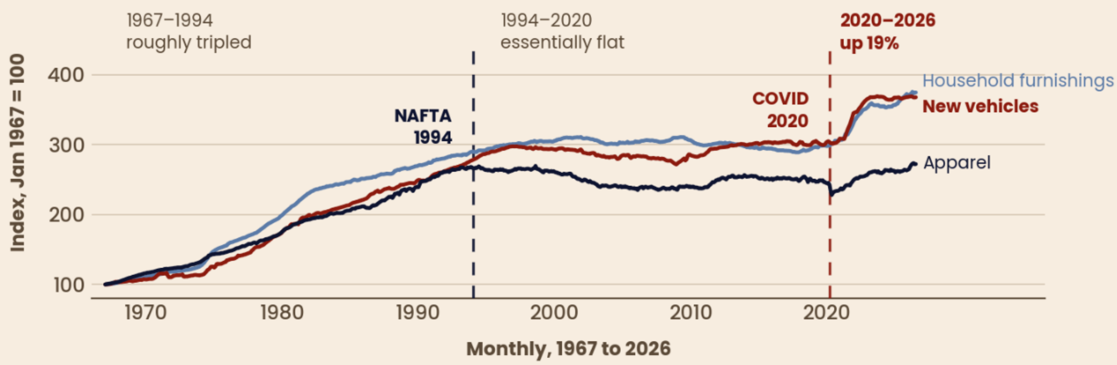
Most economic activity involves foreign trade in some way, even activities occurring entirely within America's borders. A mom shopping at a Dallas grocery store may buy bananas imported from Costa Rica and coffee from Ethiopia. A Detroit factory worker may assemble vehicles that will be sold in Canada using parts from Mexico. An Idaho carpenter building a deck may use Canadian lumber and Korean nails. A Florida doctor may prescribe a medicine that was developed jointly in American and Swiss labs and manufactured in Germany using active ingredients sourced from seven other countries.

Americans have relied on foreign trade from the time of the nation's founding. Even before U.S. independence, the Pilgrims traded extensively with the American Indian tribes, as well as the merchants arriving periodically on vessels from the Old World. Trade was so important that Britain's tight control of American trade helped spark the American Revolution and its interference in U.S. trade and impressment of sailors on U.S. merchant vessels spurred the War of 1812 a few decades later.

As transportation costs have fallen and communications have improved, the potential gains from trade have only increased. American companies are stronger when they aren't limited to buying and selling in U.S. markets. Unnecessary barriers to trade with friendly nations—including tariffs (taxes on imports), quotas (limits on quantities of imported goods), domestic content requirements, and bans on foreign competition—hurt America's competitiveness. While a few companies and industries may benefit from the government making it harder for Americans to buy from or sell to people in other friendly nations, they do so at the expense (literally) of most of the rest of the country. Instead of running away from global competition, America should embrace competition and trade as the path to a stronger economy, more resilient companies, and a more affordable future.

Prices of these consumer goods tripled pre-NAFTA, then were mostly flat until COVID

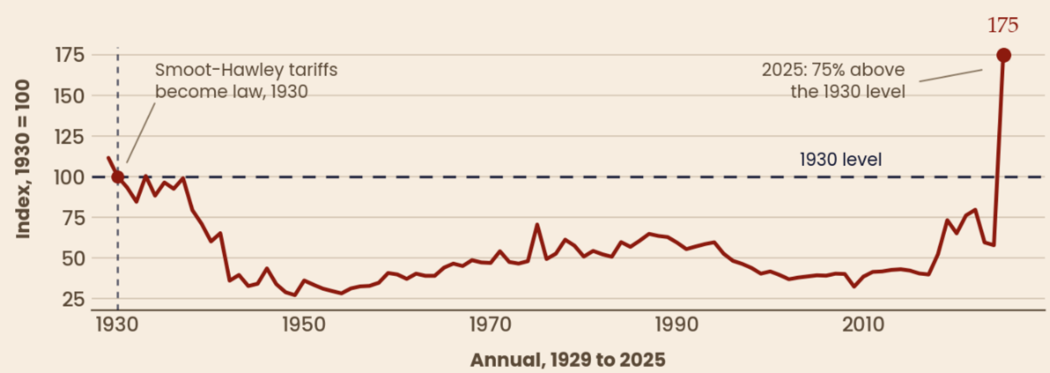
Consumer prices for traded goods, January 1967 = 100



Source: U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers: New Vehicles (CUSR0000SETA01), Apparel (CPIAPPSL), and Household Furnishings and Operations (CUSR0000SAH3) — via FRED, indexed to January 1967 = 100. NAFTA took effect January 1, 1994; the COVID marker is March 2020. Indexes are nominal.

Tariffs now take a larger share of the economy than Smoot-Hawley did

Customs duties as a share of GDP, indexed to 1930 = 100



Source: U.S. Bureau of Economic Analysis, Federal Government Current Tax Receipts: Customs Duties, and Gross Domestic Product — via FRED. Customs duties as a % of GDP, indexed so that 1930 = 100. The chart measures tariff revenue relative to the economy, not the average tariff rate.

Legal Department

Reassert Congressional Power Over Tariffs

J. Marc Wheat, General Counsel

ADVANCING AMERICAN FREEDOM

TOPLINE: Congress should reclaim its exclusive constitutional authority over tariffs from the executive branch.

BACKGROUND: Under Article I of the Constitution, Congress alone may exercise the legislative power of the United States. This is so that before the government can exercise its most important powers, majorities of both chambers of Congress must consent. Article I, Section 8 of the Constitution enumerates the legislative powers of Congress, the first of which is to "lay and collect taxes, duties, imposts and excises." The power to impose tariffs is thus a legislative power reserved exclusively to Congress. The heedless implementation of tariffs increases domestic prices, degrades relations with allies, and reroutes trade from America to its adversaries. It is past time for Congress to reassert its constitutional prerogative and protect the liberty of the American people from illegal taxation.

Action Items (Congress):

- **Repeal laws that delegate illegitimate tariff power to the President**.
- **Pass the Trade Review Act of 2025, legislation** requiring initial approval from Congress and periodic re-authorization of tariffs to remain in effect.
    - This bill would not fully restore the constitutional arrangement of powers but would be a worthwhile incremental step toward the recovery of Congress's authority over taxation.

How Tariffs Have Made Life Less Affordable:

- Under unilateral presidential tariffs, prices have soared. When tariffs are imposed by Congress, not the unilateral will of the President, constituents can weigh in, legislators can deliberate, and businesses can plan. As a result, tariffs, if imposed at all, will be lower and more targeted, leading to greater stability, lower prices, and higher confidence in the economy both domestically and abroad.
- Tariffs have strained job growth. Thanks to tariffs, nearly 900,000 fewer jobs have been created than expected, despite the benefits of the One Big Beautiful Bill.
- American families are paying the costs of the government's tariff litigation and subsequent refunds. So long as the government continues collecting tariff revenue and promises to issue refunds *with interest* if struck down, American families will pay the price of illegal tariff policies.

Related Legislation: Trade Review Act of 2025 (S. 1272, H.R. 2665).

BOTTOMLINE: American families, not foreign countries, are bearing the burdens for the administration's tariff policies. Congress must reclaim its power to ensure there is "no taxation without representation."

Plymouth Institute for Free Enterprise

Reduce Tariffs on Final Consumer Products

David R. Burton, Senior Fellow in Economic Policy

TOPLINE: Tariffs and other trade barriers on final consumer products imported from friendly nations should be reduced.

BACKGROUND: In 2025, the second Trump administration imposed substantial new tariffs on imports from every country in the world. The broadest and most substantial tariffs were imposed using the International Emergency Economic Powers Act (IEEPA). The Supreme Court held in *Learning Resources, Inc. v. Trump* that the IEEPA tariffs were unlawful. Approximately $165 billion in unlawful IEEPA tariffs were imposed. Subsequently, the administration used section 122 of the Trade Act to impose a global 10% tariff on most imported products from all countries for 150 days. The administration has used section 232 of the Trade Expansion Act to impose tariffs on many final consumer products, including cars, trucks, wood products, furniture, and household goods. It has used section 301 of the Trade Act to impose tariffs on goods imported from dozens of countries. The legality of most of these tariffs is being challenged in court. Most recently, the administration used section 338 of the Tariff Act to impose 50% tariffs on certain imports from Canada. Even putting aside legality, studies indicate that Americans bear the vast majority of the incidence of these taxes.

Action Items (Congress or the Administration):

- Congress (or the administration) should **eliminate most new tariffs on final consumer products imported from countries that are not geopolitically hostile**.
  - For the most part, this means eliminating tariffs imposed during the second Trump administration. Tariffs on goods from hostile countries (China, Russia, Belarus, Iran, North Korea, Cuba and Venezuela) should be maintained.
- The law governing countervailing duties and anti-dumping duties would remain unchanged.
- Congress should **repeal section 122 of the Trade Act of 1974** (19 U.S.C. § 2132) authorizing the President to impose tariffs of up to 15% for up to 150 days in the case of "large and serious United States balance-of-payments deficits or to prevent an imminent and significant depreciation of the dollar."

How It Would Make Life More Affordable:

- Lowering tariffs on final consumer goods would reduce the price of those goods and reduce the cost of living. Empirical evidence indicates that roughly 90% of tariffs are borne by consumers in the form of higher prices.
- International trade is mutually beneficial.

Related Legislation: Stop Global Tariffs Act (H.R. 8228); Reclaim Trade Powers Act (S. 4049, H.R. 2459).

BOTTOMLINE: The administration should be working to reduce the cost of living. Instead, its tariff policy is substantially raising prices and the cost of living.

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REDUCE TARIFFS ON BUSINESS INPUTS

David R. Burton, Senior Fellow in Economic Policy

ADVANCING AMERICAN FREEDOM

TOPLINE: Tariffs and other trade barriers on business inputs imported from friendly nations should be removed, including those imposed on steel, aluminum, copper, lumber, machine tools, auto parts, semiconductors, energy, fertilizer, and chemicals.

BACKGROUND: About 52% of tariffs fall on business inputs. Such tariffs are especially counterproductive, because they harm U.S. businesses and lead to double taxation. Consider North American car manufacturers, for example, who tend to have highly integrated manufacturing and assembly processes across the U.S., Canada, and Mexico. Canadian metal may be shipped to the U.S. to make a simple vehicle component. That simple component may then be returned to Canada to be built into a more complex part that is then sent back to the U.S. for assembly into the vehicle transmission. Then, the completed transmission may go back to Canada for vehicle assembly, before delivery to a U.S. dealership. Throughout the process, parts may be subject to tariffs each time they cross into the United States. These layers of taxes can encourage companies to cut U.S. firms out of manufacturing and assembly processes.

The administration has used section 232 of the Trade Expansion Act to impose tariffs on many business inputs, including vehicle components, lumber, semiconductors, pharmaceutical ingredients, steel, aluminum, copper, and more. It has used section 301 of the Trade Act to impose tariffs on goods from dozens of countries. Most recently, the administration used section 338 of the Tariff Act to impose 50% tariffs on certain imports from Canada. The legality of many of these tariffs is being challenged in court.

Action Items (Congress or the Administration):

- Congress (or the administration) should **eliminate most tariffs on business inputs from countries that are not geopolitically hostile**, including on products used in agricultural production, manufacturing and other industrial production.
- Tariffs on critical supply chain materials imported from geopolitically hostile countries (China, Russia, Belarus, Iran, North Korea, Cuba and Venezuela) should be maintained.

How It Would Make Life More Affordable:

- Reducing production costs in the U.S. by lowering tariffs on business inputs would reduce the price of U.S.-produced goods.
  - This would reduce the cost of living, increase the competitiveness of U.S. firms, and increase employment and wages.

Related Legislation: Lowering Input Costs for American Farmers Act (S. 4418, H.R. 8583); Trusted Importer and Competitive Manufacturing Act of 2025 (H.R. 6914).

BOTTOMLINE: The administration should be making it less expensive to produce goods in the United States. Instead, its tariff policy is substantially raising U.S. production and construction costs and the cost of living.

Plymouth Institute for Free Enterprise

Repeal the Jones Act

Rachel Greszler, Senior Research Fellow

TOPLINE: The Jones Act has resulted in a tiny and dilapidated U.S. shipping fleet that drives up shipping and energy costs and limits domestic waterway transportation.

BACKGROUND: The 1920 Jones Act requires that goods shipped between U.S. ports be carried on vessels that are U.S.-built, U.S.-flagged, and at least 75% U.S.-crewed and U.S.-owned. Instead of producing a thriving domestic shipping industry, these arbitrary parameters that apply only to shipments between U.S. ports (and not to shipments to or from foreign ports) limit the supply of ships and drive up costs. Jones Act restrictions can make it more economical to import goods from other countries instead of shipping them from other parts of the country. This problem is especially acute in Hawaii, for example, which heavily relies on ocean shipping.

In 1950, the Jones Act fleet totaled 434 vessels. Today, there are only 93 mostly antiquated vessels, and building a new ship in the U.S. costs upwards of $200 million, which is six to eight times as much as a similar ship built elsewhere. Since crude oil, gasoline, and petroleum products are among the primary cargoes transported between U.S. ports, the Jones Act directly drives up energy prices. A 2023 study estimated that eliminating the Jones Act would have reduced fuel prices by $0.63 to $0.82 per barrel in 2018-2019 and would raise U.S. consumer surplus by $769 million per year.

Action Items (Congress and Administration):

- Congress should **repeal the Jones Act**.
- The administration should continue to **waive the Jones Act**, as it has amid the closure of the Strait of Hormuz.

How It Would Make Life More Affordable:

- It would reduce shipping costs between U.S. ports, most notably reducing energy prices.
- It would make American businesses more efficient and competitive by lowering domestic transportation costs and allowing them to buy and sell more goods from within the United States rather than abroad.

Related Legislation: Open America's Waters Act (S. 2043, H.R. 3940).

BOTTOMLINE: The Jones Act is a relic that inflates energy prices and has crippled the U.S. shipping fleet. Eliminating it would reduce shipping and energy costs, modernize the U.S. shipbuilding industry, and finally align maritime policy with national security.

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REPEAL OR REFORM THE FOREIGN DREDGE ACT

Preston Brashers, Research Fellow

TOPLINE: Laws requiring that dredging vessels operating in the U.S. be built in America and owned and crewed primarily by Americans should be changed to allow dredging by vessels from other friendly nations.

BACKGROUND: Efficient and well-functioning ports and channels ensure that goods can be transported to American consumers and that American products can be shipped to foreign markets without unnecessary expense. And dredging—the process of removing sediment from the bottom of rivers, harbors, and other bodies of water—is a critical part of the maintenance and improvement of maritime infrastructure.

The Foreign Dredge Act effectively prohibits dredging by vessels that aren't U.S.-built and U.S.-owned. Dredging vessels are generally required to have U.S. citizen officers and mostly American crews. These requirements severely limit dredging competition, notably excluding Dutch and Belgian firms. Dutch and Belgian companies have large fleets that include hopper dredgers with hoppers (containers that hold sediment before it is discarded or relocated) that have up to four times the capacity of the largest U.S. hopper dredge. These vessels can also dredge up to four times deeper than any U.S. vessel.

Action Items (Congress):

- **Amend the dredging statutes** (46 U.S.C. § 55109) so that they either:
  - Only **prevent dredging by vessels with ties to** foreign entities of concern such as **China**, or
  - **Allow dredging by ships from countries that are formal U.S. allies**.
- **Amend** 46 U.S.C. § 55110 so that **transporting dredged material doesn't trigger requirements that vessels have U.S. crews**.

How It Would Make Life More Affordable:

- Wider and deeper ports and shipping lanes allow more shipping traffic from larger vessels with fewer delays and bottlenecks, reducing transportation costs.
- According to NOAA: "With one more inch of depth in a port, a cargo ship could carry about 50 more tractors, 5,000 televisions, 30,000 laptops, or 770,000 bushels of wheat."
- Dredging facilitates more vigorous domestic and international competition.
- Taxpayers could save hundreds of millions of dollars per year if the U.S. Army Corps of Engineers held internationally competitive bids for dredging contracts.

Related Legislation: Port Modernization and Supply Chain Protection Act (S. 4753).

BOTTOMLINE: The Foreign Dredge Act stifles infrastructure, makes the U.S. less competitive in international commerce, and drives up costs for consumers.

Plymouth Institute for Free Enterprise

Approve Transcontinental Railroad Merger

Preston Brashers, Research Fellow

ADVANCING **AMERICAN** FREEDOM

TOPLINE: The Surface Transportation Board (STB) should expedite the approval of the proposed merger of the Union Pacific Railroad (UP) and Norfolk Southern Railway (NS) to allow the creation of America's first single-line coast-to-coast railroad.

BACKGROUND: Because no single railroad spans the U.S., freight moving across the country must pass through slow, costly interchanges in hubs like Chicago and New Orleans. There, huge volumes of freight are transferred between carriers.

UP operates about 32,700 miles of railroads in the West, while NS operates about 19,200 miles in the Eastern United States. The areas served by UP and NS have minimal overlap. In July 2025, UP and NS entered into a merger agreement that would create a single-line transcontinental railroad, making rail a more cost-effective option for cross-country freight. However, railroad mergers face rigorous scrutiny and require STB approval. The STB previously delayed the merger process multiple times even as UP and NS have made major concessions to appease potential opponents of the deal.

Derailed by Regulation: America's railroads once helped spur America's second Industrial Revolution. The railroads were so revolutionary that critics decried them in much the same way critics condemn Big Tech companies today. In the early 1900s, the government began heavily regulating and, in some cases, breaking up railroads. Instead of boosting competition, this contributed to a steep decades-long decline in investment and sustained job losses. By 1915, the number of railroad miles had begun to decline, a trend that has continued for more than a century. In the 1970s, many railroads faced bankruptcy, and Congress passed a series of bills bailing them out. The Staggers Rail Act of 1980 partially deregulated the industry and helped reverse its decline, though excessive federal regulation remains a problem to this day.

Action Items (Surface Transportation Board):

- **Avoid unnecessary process delays** in the UP-NS merger.
- **Avoid pressuring UP and NS to make further costly concessions** as a condition of approving the merger.

How It Would Make Life More Affordable:

- It would connect 88,000 pairs of U.S. counties and remove the need for thousands of daily interchanges, reducing the cost of moving goods by rail within the U.S.
- It would connect metropolitan areas to about 100 U.S. ports, making U.S. exporters more competitive and reducing import prices for families and businesses.
- By making rail more competitive against long-haul trucking, it would reduce fuel demand, help ease prices at the pump, and reduce highway maintenance costs.

BOTTOMLINE: The STB shouldn't act as a barrier to two companies that wish to *tear down* the barriers that raise transportation costs between America's east and west.

FISCAL RESTRAINT

Every time the government spends a dollar it must also either tax, create, or borrow a dollar. Each option imposes a burden on the American people. Taxes deprive people of their earnings and suppress economic activity. When the Federal Reserve creates money to finance spending, it triggers inflation and higher prices, as was the case with the federal government's response to COVID-19. Finally, borrowing to finance deficit spending crowds out private borrowing, leading to higher interest rates on mortgages, car loans, and business operations. In short, Americans ultimately pay when the government fails to control spending. Fiscal restraint is key to affordability.

The problem of overspending took decades to take shape. Congress has consistently raised annual discretionary spending at a growth rate well above inflation plus population growth. But the largest driver of spending growth is autopilot spending, specifically on entitlement programs. Continuing to delay the reforms that these programs require to ensure solvency will only make the eventual adjustment more painful whether through higher inflation, higher taxes, or significantly reduced benefits. Continuing to delay reforms also raises the prospects of a financial or debt crisis.

Comprehensive Social Security reform is the only way to avoid large tax increases, abrupt benefit cuts to those most in need, and/or a severe fiscal crisis. The Disability Insurance program should also be reformed by shifting to a flat anti-poverty benefit.

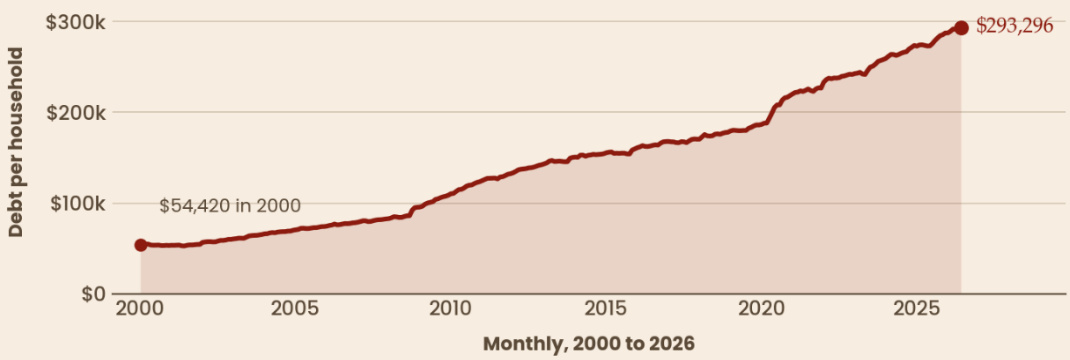
Growth in health entitlement spending is the biggest projected driver of deficit *growth* in the coming decades. To restrain growth in spending, Medicare should be converted to a premium support model, and its eligibility age should rise gradually from 65 to 67, mirroring changes already made to Social Security. Benefits for wealthy retirees should be means-tested to preserve the program for those who truly need it. Medicaid should be converted to per capita caps that vary by covered population, and subsidies for able-bodied adults should be converted to premium support.

To ensure that Congress has the tools it needs to enforce fiscal restraint, appropriate mandatory programs should be converted to discretionary spending (and subject to annual appropriation). Biases in the budget scoring in favor of higher spending should also be eliminated to make spending restraint more politically plausible.

It's essential that Congress gets its fiscal house in order. If it does, it will help the American people to keep their fiscal houses in order.

The federal debt has risen to roughly $293,000 per household

Total public debt outstanding divided by the number of U.S. households



Sources: U.S. Department of the Treasury, Debt to the Penny (Total Public Debt Outstanding); Total Households, TTLHHM156N — via FRED. AAF calculation: the daily debt reading nearest the 15th of each month, divided by that month's household estimate. Figures are nominal. The October 2025 household value is absent and interpolated.

COVID "Stimulus" checks were paid by American families through inflation

Transfer payments peaked in the first quarter of 2021. Inflation peaked 5 quarters later.

Sources: U.S. Bureau of Economic Analysis, Government Current Transfer Payments (A084RC1Q027SBEA); U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers (CPIAUCSL) — via FRED. Transfer payments shown based on a seasonally adjusted annual rate. Inflation is the percentage change from a year ago.

Plymouth Institute for Free Enterprise

Reduce Federal Spending

Preston Brashers, Research Fellow

TOPLINE: Out-of-control federal spending has driven the Fed to rapidly grow the money supply to accommodate deficits, which, in turn, has driven persistent inflation.

BACKGROUND: In the late 1990s and early 2000s, Congress balanced the federal budget for four straight years and kept the national debt below $6 trillion. Since then, America's fiscal situation has imploded. The total national debt topped $40 trillion on August 18, 2026, and the government now borrows from the public (on net) at a rate of about $2 trillion every year (and rising). Roughly $17 trillion of the debt (about 42% of it) has accrued since the start of 2020.

The massive spike in federal borrowing since 2020 was caused by a huge increase in federal spending during and after the COVID-19 pandemic (federal receipts as a share of GDP have *risen* since 2019). In each of the six years leading up to 2020, federal expenditures were between $4 and $5 trillion. Since 2020, annual expenditures have exceeded $6 trillion every year and are projected to exceed $7.4 trillion in FY 2026.

The ongoing spending splurge has forced the Federal Reserve to choose some combination of higher inflation (through expansion of the money supply) and higher interest rates. Since the start of 2021, inflation has averaged nearly 4.5%, more than double the Fed's target. But increasingly, the excessive debt and spending are spilling over to higher borrowing costs, starting with higher interest rates on U.S. Treasuries (the 30-year Treasury yield hit a 19-year high in August 2026) and then higher rates on business loans and mortgages. Net interest on the debt is projected to exceed $16 trillion over the next decade.

Action Items (Congress and the President):

- **Face the elephant in the room: Bend down the growth curve of entitlements**.
  - Social Security, Medicare, and Medicaid comprise well over half of non-interest federal spending (and rising) and must be reformed to survive.
- **Return most categories of non-defense, discretionary appropriations to 2019 spending levels,** adjusted for inflation and population increases.
  - This could immediately reduce spending by $100 billion and by trillions of dollars in the long run.

Eventually, Federal Spending Comes out of People's Pockets One Way or Another:

- ***Taxes***: Americans will pay roughly $5.5 trillion in federal taxes in FY 2026.
- ***Inflation***: The 3.7% PCE annual inflation Americans face (as of June 2026) amounts to a more than $800 billion growth in consumption spending per year.
- ***Borrowing Costs***: The average 30-year mortgage rate is up 2.7 percentage points since 2019—about $150,000 in total extra interest payments on a $250,000 loan.

BOTTOMLINE: The federal government has made life less affordable largely by spending too much of the American people's money.

Plymouth Institute for Free Enterprise

Enact Comprehensive Social Security Reform

Rachel Greszler, Senior Research Fellow

ADVANCING AMERICAN FREEDOM

TOPLINE: Congress should enact comprehensive Social Security Reform to avoid large-scale tax increases, benefit cuts to those most in need, and a painful fiscal crisis.

BACKGROUND: At 12.4% of workers' earnings, Social Security is the biggest tax most Americans pay. This was not the original intent of the program. Social Security started as a 2% tax and promised to never take more than 6%. Maintaining current benefit levels would require a nearly 5 percentage point payroll tax increase, to 17.3%. Paradoxically, a program that was designed to prevent younger workers from bearing the financial burden of providing for the welfare of impoverished older Americans is today requiring younger workers to pay not just for welfare for the elderly, but for golf greens fees and cruises for America's wealthiest generation of retirees to date. Meanwhile, failure to address Social Security and the federal government's unsustainable debt and deficits threaten a fiscal crisis that would make current affordability struggles pale in comparison to the pain that would come. Enacting reform now could stave off a fiscal crisis, prevent massive tax hikes or indiscriminate benefit cuts, and improve Social Security's bang-for-its-buck.

Action Items (Congress):

- Immediately pass legislation to **begin gradual reforms that would keep Social Security solvent for the long run without tax hikes**.
    - This should include gradually shifting toward a **universal benefit structure**, **indexing the retirement age to life expectancy**, using a **more accurate inflation measure**, and **modernizing benefits**.

How It Would Make Life More Affordable:

- By enacting reform now, policymakers can prevent large benefit cuts for lower- and middle-income earners. Without reform, the average Social Security recipient will lose $5,300 per year in benefits beginning in 2032.
- By preventing tax hikes necessary to maintain the current system, policymakers could save a typical household with $84,000 in annual income from having to pay $4,100 more—and $14,500 total—per year in Social Security taxes.

Related Legislation: Social Security Reform Act of 2016 (H.R. 6489 [114th Congr.]); Bipartisan Social Security Commission Act of 2026 (H.R. 9187); Protecting Retirement Opportunities and Maintaining Income Security for Everyone (PROMISE) Act (S. 4979).

BOTTOMLINE: Solving Social Security's shortfalls now would reduce the risks of a painful fiscal crisis, provide certainty for families to plan for the future, prevent massive tax hikes, and prevent scheduled benefit cuts for those most in need.

Plymouth Institute for Free Enterprise

Personal Savings Option for Social Security

Rachel Greszler, Senior Research Fellow

TOPLINE: Social Security is not retirement savings because 100% of workers' taxes go immediately to retirees' benefits. Today's workers should have the opportunity to build personal retirement savings that they own and can pass on to their heirs.

BACKGROUND: Social Security's current costs are nearly three times the maximum that the program's founders planned. Instead of functioning like a forced savings program that would protect younger workers from bearing the cost of old-age poverty, policymakers have expanded Social Security so far beyond its original intent that there are no savings left in the program and it is a purely intergenerational transfer program from the young to the old. This means that the 12.4% tax that workers pay never earns even a dime of positive returns. Moreover, workers do not own their Social Security accounts, so they cannot determine when and how much to take out, and they cannot pass them on to their heirs.

This lack of ownership makes Social Security an especially bad deal for people who die relatively young. One out of five black men, for example, dies between the ages of 45 and 64 after having paid into Social Security for decades and receiving little or nothing in return. If today's workers could put their Social Security taxes into a personal retirement account, the average worker would have three times as much retirement income as Social Security can provide and would own his roughly $1.6 million nest egg. Even the lowest-income earners would have 40% more in retirement. Policymakers should allow individuals to opt into personal retirement accounts within Social Security, simultaneously increasing the rate of return on their savings while also helping address Social Security's accumulated shortfalls.

Action Items (Congress):

- **Allow individuals the choice to opt into a personal retirement account** for future benefit accruals.
  - These individuals would lock in the payable benefits they earned to date, and then **half of their future Social Security taxes would go into a personal retirement account** (the 6.2% taken from workers' paychecks) and the **other half would help finance Social Security's shortfalls** (the 6.2% paid by employers).

How It Would Make Life More Affordable:

- Workers who opt out could have higher retirement incomes and their continued contributions to Social Security would reduce the program's unfunded liabilities.
- More retirement savings ownership would increase labor supply and productivity.

BOTTOMLINE: Social Security is the biggest tax most workers pay and they should have the option to put part of what they pay into a personal retirement account that offers higher returns than Social Security can provide.

INSTITUTE FOR STATISTICAL POLICY ANALYSIS

COMPREHENSIVE MEDICARE REFORM

Gadai Bulgac, Policy Analyst

ADVANCING **AMERICAN** FREEDOM

TOPLINE: The Medicare trust fund is on track to become insolvent in 2033. Major reforms are needed to avoid insolvency while also improving health care affordability.

BACKGROUND: Medicare was the second largest spending item in the federal budget in fiscal year 2025, with more than 69 million enrollees and $997 billion in outlays The program is also the largest payer of health care services in the nation. For the past 20 years, Medicare has spent more than it has collected in payroll tax revenue. As a result of this worsening trend, the Medicare Hospital Insurance (HI) trust fund is expected to become insolvent by 2033. For Medicare to continue to exist and provide benefits to people in need, the program must be reformed to make it fiscally sustainable.

Action Items (Congress):

- **Convert to a Premium Support System.** Medicare should be reformed from a one-size-fits-all program to one that provides a defined contribution that beneficiaries can use for traditional Medicare or competing private health plans.
- **Align the Medicare age with Social Security.**
    - When Medicare was established in 1965, the age of eligibility was aligned with the Social Security age of eligibility of 65. Social Security's full retirement age has since risen to 67, while Medicare's eligibility age has stayed the same.
- **Index the Medicare age to life expectancy** to account for improvements in health and help maintain program solvency.
    - Since 1965, life expectancy in America has increased. Consequently, the number of years recipients receive benefits has also increased, while the ratio of taxpaying workers to recipients fell from 4.0 in 1980 to 2.7 in 2025.
- **Reduce Medicare subsidies for the wealthy.** Congress should expand means-testing in the Medicare program, reducing benefits to well-off beneficiaries who can more easily afford health care. This would extend program solvency and ensure that those truly in need of assistance can continue to receive benefits.

How It Would Make Life More Affordable:

- It would help prevent HI trust fund insolvency.
    - Insolvency could force substantial cuts to the program and undermine the nation's fiscal position, leading to higher interest rates and higher taxes.
- Letting Medicare beneficiaries choose among competing health plans would incentivize providers to compete for their business on price and quality. These cost reductions could carry over to the broader health care market, reducing medical costs.

BOTTOMLINE: Medicare's Hospital Insurance trust fund insolvency looms on the horizon. Congress should reform the Medicare program to reduce costs for patients and taxpayers alike and prevent further deterioration of America's finances.

Plymouth Institute for Free Enterprise

Stop Mandatory Spending Growth

Preston Brashers, Research Fellow

TOPLINE: Congress should convert appropriate mandatory programs to discretionary spending and require regular reauthorization so that more of the budget faces regular congressional scrutiny in the appropriations process.

BACKGROUND: Federal spending falls into two categories: discretionary and mandatory. *Discretionary* spending is the part of the budget that Congress regularly enacts through annual (or other short-term) appropriations. *Mandatory* spending continues largely on autopilot, often involving permanent laws that allow agencies to spend such funds as are needed to carry out a statute. In 1965, 34% of the federal budget was on autopilot (counting net interest). By 2007, autopilot spending had grown to 61%. As of 2025, 73% of the federal budget is now on autopilot, which limits opportunities for fiscal hawks in Congress to meaningfully curb spending growth.

Discretionary spending often becomes a political football, arguably distracting from the larger fiscal problems in the mandatory programs. Congress routinely fails to pass regular appropriation bills by the start of the fiscal year, creating the risk of funding lapses and government shutdowns. During such impasses, Congress often passes continuing resolutions (CRs) to keep discretionary funding at or near the prior year's level as stopgap measures.

Action Items (Congress):

- Pass legislation establishing that **new spending programs providing indefinite budget authority or authority that lasts for more than eight years are subject to a point of order** (and require three-fifths vote to waive).
- Where appropriate and feasible, **convert existing mandatory programs to annual discretionary appropriations**.
- **Require congressional reauthorization of other programs' mandatory budget authority at least once every 10 years**, with budget authority expiring otherwise.
- **Establish an automatic CR funding discretionary programs at 1% less than prior-year levels** if Congress fails to enact regular appropriations by the start of the fiscal year**.**

How It Would Make Life More Affordable:

- Excessive federal borrowing drives up inflationary pressure and interest rates, leading to higher costs for families and businesses.
- Reducing the share of the federal budget that grows on autopilot without congressional scrutiny could dramatically improve federal spending control.

Related Legislation: Prevent Government Shutdowns Act (H.R. 5870, S. 4632).

BOTTOMLINE: A family drowning in debt can't get its finances in order while three-quarters of its budget grows on autopilot. Neither can the government.

Plymouth Institute for Free Enterprise

Return Welfare to the States

Rachel Greszler, Senior Research Fellow

ADVANCING AMERICAN FREEDOM

TOPLINE: Lawmakers should restore most welfare programs to the states, which are better equipped and better incentivized to responsibly, effectively, and cost-consciously manage welfare services.

BACKGROUND: The federal government currently pays for most welfare spending, but prior to the New Deal, state and local governments alongside religious and charitable organizations were the primary providers of welfare services. There are three reasons federal policymakers should return welfare to the states:

1) States are more fiscally responsible and in better financial positions, as 49 states have self-imposed balanced budget requirements, and the states collectively have less than 10% as much debt as the federal government;
2) State policies play the largest role in welfare needs. The 10 states with the least economic freedom receive 29% more welfare funding per capita than the 10 states with the most economic freedom. Bad policies that increase unemployment and reduce output shouldn't be rewarded with more federal funding; and
3) Because states spend federal taxpayers' money with little oversight or accountability, federal funding enables poorly targeted services; high rates of waste, fraud, and abuse; and welfare that traps recipients in dependency.

Action Item (Congress):

- **Shift welfare funding and administration back to state governments.**
  - This should start with reductions in the federal funding percentages of the largest welfare programs (Medicaid and SNAP).
  - For smaller federally funded welfare programs that are administered by the states, Congress should establish sunset dates to allow states to transition programs they determine are worth continuing.

How It Would Make Life More Affordable:

- State budgets are more responsible than the federal budget.
  - Better aligned incentives would improve welfare efficiency and reduce waste, fraud, and abuse—delivering significant taxpayer savings.
- States are better equipped to deliver benefits that are tailored to their populations, that improve outcomes, and that result in more people working, boosting output and incomes.

BOTTOMLINE: Welfare would work best and waste the least if states—not the federal government—were accountable for its costs and results.

Plymouth Institute for Free Enterprise

Per Capita Caps on State Medicaid Funds

Rachel Greszler, Senior Research Fellow

TOPLINE: The federal government should fund the same amount of Medicaid costs for similar populations whether they live in Maine, Texas, or California.

BACKGROUND: The federal government pays a set percentage of total Medicaid costs, including 90% for able-bodied adults without children—"expansion" enrollees—and between 50% and 77% for traditional enrollees, including pregnant women, individuals with disabilities, low-income children, and elderly individuals. Yet, per-capita Medicaid spending varies drastically by state, even within similar population types. For example, some states spend twice as much per expansion enrollee as others: four states spend under $5,000 per expansion enrollee while six states spend over $9,000. For low-income children on Medicaid, five states spend less than $2,500 per child while five spend over $4,500 per child. And across all population groups, states that expanded Medicaid spend significantly more per capita than non-expansion states, including roughly $900 more per capita across all enrollees, $4,100 more on the elderly, and $10,000 more on the disabled.

Many of these cost differences reflect state decisions regarding eligibility, provider payments, and the amount of waste, fraud, and abuse in Medicaid. Since states pay as little as 10% of Medicaid costs, they have little incentive to ensure efficient health care delivery or to prevent improper payments and fraud. Per-capita, population-specific or risk-based federal Medicaid payment caps would put states on the hook for their inefficiencies while also allowing them to retain 100% of their efficiencies; some states' would experience decrease Medicaid costs outright.

Action Item (Congress):

- **Enact risk-based per-capita federal Medicaid spending caps** to prevent states from gaming Medicaid to use funds intended for one covered population to fund services for another group or to indirectly subsidize certain providers over others.
    - Per-capita caps would slow the growth of Medicaid spending and make the program more efficient, while ensuring that each covered population is adequately funded.

How It Would Make Life More Affordable:

- Medicaid currently costs taxpayers $1 trillion per year, or $7,400 per U.S. household, and a significant portion of this—roughly 10% to 25%—is due to waste, fraud, and abuse enabled by the current financing structure.
- It would reduce Medicaid spending, saving state and federal taxpayers hundreds of billions of dollars over 10 years.

Related Legislation: American Health Care Act of 2017 (H.R. 1628 [115th Congr.]).

BOTTOMLINE: Federal Medicaid funds shouldn't subsidize state inefficiencies; they should provide similar reimbursements for similar populations.

Plymouth Institute for Free Enterprise

Shift to Flat Anti-Poverty Benefit for SSDI

Rachel Greszler, Senior Research Fellow

TOPLINE: Lawmakers should shift Social Security's Disability Insurance (SSDI) program to a flat benefit, essentially eliminating poverty among SSDI beneficiaries and reducing payroll taxes for workers.

BACKGROUND: Like Social Security's old-age or retirement benefits, SSDI benefits are both contributory and progressive, meaning that lower-income earners receive smaller benefits than higher-income earners, but lower earners' checks replace a higher percentage of their previous earnings. A primary goal of the SSDI program is to prevent poverty among individuals with disabilities, but the program's progressive benefit formula provides the lowest benefits to those who are least likely to have substantial savings or non-SSDI income—younger individuals with lower earnings histories. More than half of all disability insurance benefits (54% in 2025) are below the poverty level. Moreover, whereas retirement is something nearly all Americans plan to do at some point and thus a contributory benefit structure makes sense, relatively few people anticipate becoming disabled. Consequently, a flat benefit at or above the poverty level would better meet the SSDI program's goal of preventing poverty among the disabled. This would increase benefits for millions of the lowest-income SSDI recipients and allow for a significant reduction in the SSDI payroll tax. Higher-income earners who would receive lower SSDI benefits if they were to become disabled could purchase private disability insurance—at significantly lower costs than SSDI—to supplement SSDI.

Action Item (Congress):

- **Enact a flat, anti-poverty benefit for all new SSDI recipients**.
  - To prevent an increase in illegitimate SSDI claims from those who would receive higher benefits, this reform should not be implemented before the reforms described in the memo 'Limit SSDI to Intended Population' on p. 131.

How It Would Make Life More Affordable:

- Anti-poverty benefits would reduce other welfare program costs by reducing the number of individuals with disabilities who are considered to be living in poverty.
- A flat benefit would enable a significant SSDI payroll tax cut for all workers.

Related Legislation: Making DI Work for All Americans Act (H.R. 4854 [116th Congr.]).

BOTTOMLINE: A flat SSDI benefit would better meet the program's anti-poverty intent and allow for a significant SSDI payroll tax cut for all workers.

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ALLOW A PRIVATE SSDI OPTION

Rachel Greszler, Senior Research Fellow

TOPLINE: The Social Security Disability Insurance (SSDI) program doesn't serve individuals with disabilities or taxpayers well. There should be a private alternative.

BACKGROUND: Despite a recent reduction in the Disability Insurance rolls, the program's inefficiencies and perverse incentives fail both taxpayers and individuals with disabilities. Although processing times have declined, most SSDI applicants have to go through multiple appeals and wait 18 months or more for a decision. If individuals are approved for benefits, SSDI does nothing to help them recover and return to work. Instead, people have to wait two years for Medicare coverage that might have helped them recover. In contrast, private disability insurance (DI) issues benefit determinations within 45 days, and the incentives are such that insurers work closely with employees, their doctors, and employers to achieve return-to-work success through early intervention and workplace accommodations. Private DI includes legal protections that are absent in SSDI, including disclosures on plan benefits and rights; investigation, audit, and enforcement; and employee-participants' right to sue insurers. This leads to more accurate determinations. More than 50% of SSDI denials are appealed, compared with a tiny fraction of private DI decisions.

Private long-term disability (LTD) also provides more comprehensive coverage based on an individual's inability to perform their *own* occupation as opposed to the SSDI system, which is based on an individual's inability to perform *any* job in the economy. A 2013 report commissioned by America's Health Insurance Plans (AHIP) estimated that private DI reduced the SSDI rolls by at least 65,000 and federal expenditures on SSDI and other transfer programs by more than $2 billion annually. Congress could incentivize greater private DI coverage by providing a payroll tax cut of up to half of employers' 0.9% portion of the 1.8% SSDI payroll tax if they provide qualified private DI covering the first two years of disability. Beyond two years, SSDI would take over.

Action Items (Congress):

- **Provide a payroll tax cut to employers who offer qualified private DI** to cover the first two years of employees' disability benefits.

How It Would Make Life More Affordable:

- Private DI's efficiencies and rehabilitative supports help more people return to work and maintain higher earnings.
- It would reduce costs for employers who offer private DI and reduce SSDI costs.

BOTTOMLINE: Congress should capitalize on the advantages of private DI—faster and more efficient determinations, higher return-to-work success, and more coverage for lower costs—by providing a payroll tax cut for employers who provide private DI.

PLYMOUTH INSTITUTE FOR FREE ENTERPRISE
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REFORM BUDGET SCORING

Preston Brashers, Research Fellow
Zachary Cady, Ph.D., Senior Economist

AAF
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TOPLINE: The baseline assumptions of Congress's scorekeepers: the Congressional Budget Office (CBO) and the Joint Committee on Taxation (JCT) favor spending growth and disfavor tax cuts. These biases should be eliminated.

BACKGROUND: Together, CBO and JCT are the formal entities responsible for producing comprehensive fiscal outlooks of the federal budget and for "scoring" the budgetary impact of congressional legislation. CBO's 10-year baseline plays an important role in informing Congress and the public about the status and outlook for the federal budget. In addition, Congress relies on their baseline assumptions when determining the budgetary impact of new legislation. So, the baseline assumptions regarding what is expected to happen with expiring tax provisions, discretionary appropriations, and autopilot spending programs can affect how legislation is scored (whether it is reported as increasing or decreasing revenues, spending, and deficits).

Biased Assumptions: CBO's baseline assumptions generally work in favor of perpetuating spending growth over tax cuts. Extensions of temporary tax provisions are usually scored against the assumption that they will expire. But discretionary appropriations are scored relative to the assumption that they will be extended and increased at the rate of inflation. Moreover, CBO relies on JCT to score tax provisions, and they do not generally account for the favorable budgetary impacts from the growth effects that result from some tax cuts ("dynamic scoring").

The Importance of CBO and JCT Scoring:

- CBO and JCT are usually treated as authoritative by the media in public debates.
- The Senate Parliamentarian also uses these scores to determine if provisions violate budget rules, including raising deficits outside the budget window (part of the Byrd Rule). If so, the bill may require 60 votes to overcome a point of order.

Action Items (Congress, Congressional Budget Office):

- Congress should require CBO to estimate budgetary impacts of bills vs. flat baseline discretionary spending levels (no assumed inflation growth).
- The change in baseline assumption should *not* be reflected in the CBO Outlook.
- Congress should require dynamic scoring for major fiscal legislation.

How It Would Make Life More Affordable:

- It would support fiscal restraint by increasing transparency about deficit impacts.

Related Legislation: No Bias in the Baseline Act (H.R. 8979 [118th Congr.] and S. 4660).

BOTTOMLINE: It's hard enough for lawmakers to push pro-growth legislation and resist growing spending without having to also fight biased budgetary assumptions.

Sound Money and Capital Freedom

Inflation is a hidden and dangerous tax. It is never legislated openly, and it falls hardest on wage earners and savers with limited means to invest. The Federal Reserve's high degree of discretion makes high inflation possible—some would say inevitable. In recent years, the Fed created a huge supply of new money to accommodate massive federal deficit spending while also purchasing other favored assets. Such power allows the Fed to steer capital toward politically favored sectors instead of more productive investments. Ensuring monetary discipline and limiting the Fed's discretion would lead to a sounder and more stable dollar.

Capital markets serve a critical function in the economy, facilitating mutually beneficial arrangements. Those with savings and excess funds provide capital to individuals who need help financing a new home, for example, or to business owners investing in new equipment or facilities to grow their business. Capital markets also allow everyday individuals to own parts of major corporations and to share in their profits.

When capital markets are largely free, capital tends to be allocated efficiently. Because investors are putting their own money at stake (unlike central bankers buying assets), capital flows more readily to worthy investments, which helps increase economic growth, drive innovation, and raise productivity and real wages.

The proposals in this chapter focus on ways to ensure sound money through monetary discipline and on ways to promote capital freedom. For the former, the Federal Reserve should follow a transparent, predictable approach to determining interest rates. The Fed's discretion shouldn't drive the stock market, and it shouldn't be able to use taxpayer dollars to prop up specific businesses or sectors.

To promote capital freedom, Congress should create tax-advantaged universal savings accounts, which—unlike other existing accounts—would allow distributions for any purpose instead of for only narrowly specified purposes. Lawmakers should reject credit card interest rate caps, which could potentially make credit inaccessible to many millions of Americans. Other areas in need of reform include the Dodd-Frank Act, FINRA, and government-promoted ESG and DEI.

Americans feel like their dollars don't go as far largely because the Fed has diluted them. Congress should rein in the Fed while giving people and businesses more freedom with their own money.

The typical mortgage payment on a new home has nearly doubled since 2020

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Monthly principal and interest on a median-priced new home, 20% down

Sources: U.S. Census Bureau and HUD, Median Sales Price of Houses Sold (MSPNHSUS); Freddie Mac, 30-Year Fixed Rate Mortgage Average — via FRED. AAF calculation: principal and interest on 80% of the median new-home price, excluding taxes and insurance. Figures are nominal.

The Fed printed dollars to finance the federal deficit and triggered a wave of inflation

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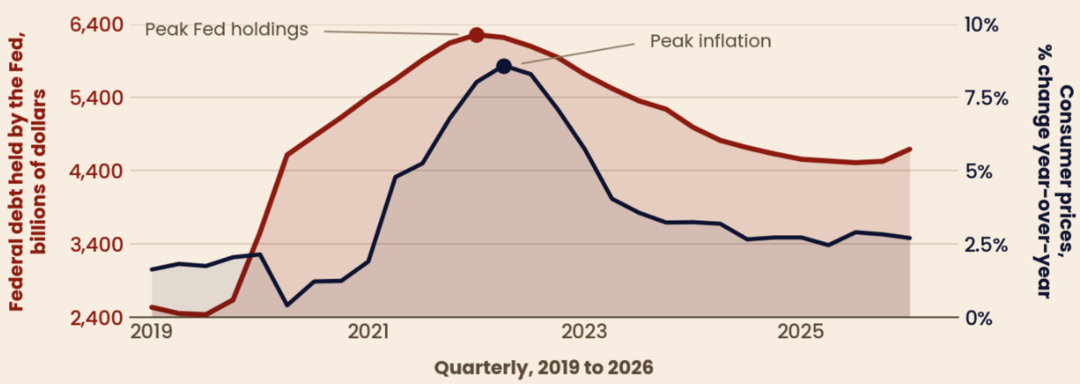
Federal Reserve holdings peaked in the first quarter of 2022. Inflation peaked one quarter later.



Sources: U.S. Department of the Treasury, Fiscal Service, Federal Debt Held by Federal Reserve Banks (FDHBFRBN); U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers (CPIAUCSL) — via FRED. Holdings are end of quarter and not seasonally adjusted. Inflation is the percentage change from a year ago. Shading runs to the axis floor of $2,400bn, not to zero, so the shaded area is not proportional to the level.

Plymouth Institute for Free Enterprise

Implement the Taylor Rule

Joel Griffith, Senior Research Fellow

ADVANCING AMERICAN FREEDOM

TOPLINE: The Federal Reserve should follow a transparent, rules-based framework like the Taylor Rule to anchor inflation expectations, protect wages and savings from erosion, and facilitate long-term economic planning.

BACKGROUND: The Taylor Rule is a formula that would tie the Federal Reserve's policy rate to 1) the gap between actual and target inflation and 2) the gap between actual and potential output. This predictable approach would allow the market to readily ascertain future Fed policy changes and would ensure the Fed acts against inflation before it becomes entrenched.

Unfortunately, the Fed currently follows a "dual mandate" to promote "maximum employment" and "stable prices." This wide discretion tends to result in the Fed being biased in favor of lower interest rates. The Fed often fails to increase rates until after inflation has been significantly above the "target" inflation rate of 2% for a prolonged period. Artificially low rates tend to induce asset bubbles that benefit select sectors of the economy (e.g., real estate) while harming savers, workers, and creditors. The original Taylor Rule prescribes Fed rates well above current levels.

Action Items (Congress):

- **Enact legislation requiring the Fed to publicly adopt a quantitative reference rule like the Taylor Rule** and to explain any departure from its prescribed rate.
  - The mandate should preserve the Fed's ability to depart from the rule in genuine emergencies but require it to justify such departures to Congress.

How It Would Make Life More Affordable:

- It would lower the inflation risk premium embedded in mortgage, auto, and credit-card rates. Currently, lenders price in the chance that the Fed lets inflation run hot.
- If a rules-based tightening had been in effect in 2021, it would have checked the inflation surge by reining in the newly "printed" dollars across the economy.
  - Instead, real median weekly earnings fell 8.7% during 2021-2022 as the money supply grew 27% in barely two years.
- The Taylor Rule might have prevented real interest rates from turning deeply negative multiple times since 2000.

Related Legislation: Fed Oversight Reform and Modernization Act (H.R. 3189 [114th Congr.]); Monetary Policy Transparency and Accountability Act (H.R. 4270 [115th Congr.]); Price Stability Act (H.R. 5396).

BOTTOMLINE: The Fed's dual mandate has repeatedly led it to hold interest rates too low for too long, helping fuel the mid-2000s housing bubble and the 2021-2022 inflation surge. Anchoring policy to the goal of price stability would protect against future inflation and allow long-term planning with less fear of Fed-caused inflation.

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Reject a Federal Reserve CBDC

Joel Griffith, Senior Research Fellow

ADVANCING AMERICAN FREEDOM

TOPLINE: Congress should permanently prohibit the Federal Reserve from creating a central bank digital currency (CBDC). A CBDC could concentrate credit allocation in the hands of the central bank and replicate the financial-surveillance model of the Chinese Communist Party (CCP).

BACKGROUND: CBDCs would be issued directly by the Fed, far different from money created through private banking deposits and lending. This poses risks to economic freedom and privacy since CBDCs can be designed to be programmable and traceable. A January 2022 Federal Reserve paper promoted the idea of a retail CBDC. Although President Trump's EO 14178 in January 2025 halted federal CBDC work, Federal Reserve Chairman Kevin Warsh has expressed support for the concept. The enacted 21st Century ROAD to Housing Act only bars the Fed from issuing a CBDC through December 31, 2030.

Action Items (Congress):

- **Make permanent the recently passed, temporary prohibition on CBDCs**.
- **Codify that the Fed lacks statutory authority to issue a CBDC** and require it to halt all related research and pilot work.

Why the Primary Arguments for a CBDC Fail:

- CBDCs are not necessary for dollar reserve status, which is threatened by aggressive money printing, federal debt, and slowing growth.
- Zelle, Venmo, and Apple Pay—along with privately issued, fully reserved stablecoins—already meet most consumer demand for fast, low-cost transfers.

A CBDC Would Put America's Money at Risk with Concentrated Financial Power:

- A CBDC would make it easier for government to lock or block the financial assets of disfavored citizens. Possible transaction limits, expiration dates, interest rates, and programmed balance erosion could become policy levers wielded by Fed central planners.
- Users could be required to submit personal information to use a CBDC, with the possibility of every transaction being traced.
- CBDC balances held directly at the Fed would compete with and crowd out deposits at commercial banks, shifting credit-allocation power to the Fed.
- CBDCs can be programmed to restrict specific transactions, enabling capital controls, social-credit scoring, and climate or ESG mandates.

Related Legislation: No CBDC Act (S. 464, H.R. 1430).

BOTTOMLINE: A CBDC would give the Fed unprecedented power over Americans' money and create opportunities for financial surveillance that mirror the CCP's model. Congress should make the temporary ban on CBDCs permanent.

LIMIT FEDERAL RESERVE ASSETS

Joel Griffith, Senior Research Fellow

TOPLINE: The Federal Reserve's balance sheet should be limited to short-term Treasuries to prevent the Fed from steering credit to prop up politically favored sectors such as housing, corporate debt, or equities.

BACKGROUND: From the 1950s until the 2008 financial crisis, Federal Reserve open-market operations were almost always limited to buying and selling short-term Treasury securities. That discipline ended after 2008. The Fed purchased $1.25 trillion in agency mortgage-backed securities (MBS) between January 2009 and March 2010. In 2020, the Fed used its Section 13(3) emergency-lending authority to buy corporate bonds and bond ETFs. The Fed also helped accommodate massive amounts of COVID-19 "stimulus" spending by expanding its balance sheet by more than $4.0 trillion to purchase government debt in addition to MBS holdings and other purchases. As of August 2026, the Fed's balance sheet exceeds $6.7 trillion, up 62% since the start of 2020.

Action Items (Congress):

- **Enact legislation requiring the Fed to phase down its non-Treasury holdings and to limit future asset purchases to Treasuries**.
- **Require the Fed to swap MBS holdings for Treasury securities**.
- **Cap the overall size of the Fed's balance sheet relative to GDP**.
- **Fully rescind Section 13(3)** to prevent the Fed from establishing any new corporate-bond, corporate-ETF, or equity-purchase facility.

Limiting Fed Assets Supports Sound Money, Capital Freedom, and Affordability:

- It would help prevent politically directed credit allocation.
  - Unlike the Fed, markets generally allocate capital in ways that lead to increases in the supply of goods and services.
- It would prevent the central bank from propping up preferred assets with inflationary asset purchases.
- It would curb Fed-driven asset-price inflation, including for housing.
- By limiting artificial bubbles, it would reduce the risk of a financial crisis.
- It would curtail the Fed's capacity to indirectly finance deficits.

BOTTOMLINE: Congress should restrict Fed purchases to Treasuries only, cap the balance-sheet size, and require a full unwinding of non-Treasury holdings. This would ensure that markets, not the central bank, allocate credit and help pressure Congress to enact needed spending reforms.

REPEAL DODD-FRANK PROVISIONS

David R. Burton, Senior Fellow in Economic Policy

TOPLINE: Congress should repeal or reform the ill-advised provisions of the Dodd-Frank Act.

BACKGROUND: The 848-page Dodd-Frank Wall Street Reform and Consumer Protection Act was hurriedly enacted in 2010 in the wake of the 2008 financial crisis. Many of its provisions were ill-advised or had nothing to do with the financial crisis. Dodd-Frank dramatically raised costs and complexity, reduced competition and access to capital, did little to improve the safety and soundness of the financial system and, in some cases, increased the risk of adverse outcomes. Many of its provisions should be repealed. Others should be substantially reformed.

Action Items (Congress):

- **Repeal the following titles of the Dodd-Frank Act:**
  - **Title I** (relating to the Financial Stability Oversight Council (FSOC)).
  - **Title II** (relating to orderly liquidation authority).
  - **Title V** (relating to the Federal Insurance Office).
  - **Title VII** (relating to over-the-counter derivatives and swaps).
  - **Title VIII** (relating to clearing houses).
  - **Title X** (relating to the Consumer Financial Protection Bureau).
  - **Title XII** (relating to financial services grants).
  - **Title XV** (relating to disclosure regarding conflict minerals from the Democratic Republic of the Congo, mine safety, and executive-to-worker pay ratios).
- **Reform the capital requirement rules and regulations**.

How It Would Make Life More Affordable:

- The massive increase in compliance costs caused by Dodd-Frank raises the price of financial services, constitutes a barrier to entry that reduces competition, and reduces access to the capital that firms need to grow and innovate.

Related Legislation: Main Street Capital Access Act (H.R. 6955); Federal Insurance Office Abolishment Act of 2026 (H.R. 643, S. 5158); H.R. 7085 (conflict minerals disclosure repeal); TABS Act of 2025 (H.R. 654); Defund the CFPB Act (H.R. 814); Repeal CFPB Act (H.R. 1603); Financial CHOICE Act of 2017 (H.R. 10 [115th Congr.]).

BOTTOMLINE: Congress should reduce regulatory costs, increase competition and improve access to capital by repealing or reforming many Dodd-Frank provisions.

UNIVERSAL SAVINGS ACCOUNTS

Preston Brashers, Research Fellow

TOPLINE: Congress should enact legislation allowing for the creation of flexible Universal Savings Accounts (USAs).

BACKGROUND: The federal tax code discourages individuals from saving and investing outside of specified "tax-advantaged accounts." A worker who invests part of his after-tax paycheck in stocks, bonds, or other assets outside of these accounts faces an additional layer of capital gains taxes on his investment gains that wouldn't apply if the full paycheck were simply spent.

The Internal Revenue Code provides for more than a dozen different types of tax-advantaged accounts, including 457(b) deferred compensation plans, traditional IRAs, Roth IRAs, 401(k)s, 403(b)s, 529 college savings plans, Coverdell Education Savings Accounts, Health Savings Accounts, Trump Accounts, ABLE Accounts, and more. Most of these simply prevent double taxation rather than offering actual tax *advantages*. Moreover, the owners of the various types of accounts face complex rules and limitations on when and how much they can contribute to or distribute from their accounts and for what purposes. Americans likely pay billions of dollars per year in penalties to the IRS for early withdrawals from their own accounts.

Action Items (Congress):

- **Establish USAs that allow individuals to make cash contributions of at least $10,000 per year.**
  - USAs should have Roth treatment, meaning that earnings and distributions from the accounts aren't subject to income tax.
  - Unlike other types of accounts, **distributions from USAs shouldn't be restricted to specific uses, amounts, or times**.

How It Would Make Life More Affordable:

- Establishing USAs would encourage more saving and investment, as people would no longer have to choose between double taxation or restrictions on access to their own money.
- It would improve the functioning of capital markets by increasing the flexibility of capital.
- It would give Americans more ready access to funds when they need them.
- It would reduce the amount of taxes and penalties on savings.

Related Legislation: Universal Savings Account Act (S. 1581, H.R. 3186).

BOTTOMLINE: The federal government shouldn't be in the business of dictating when and how Americans can use their own money.

Plymouth Institute for Free Enterprise

Reject Credit Card Caps

Joel Griffith, Senior Research Fellow

TOPLINE: Proposed caps on credit card interest rates are price controls on credit. Like all price controls, they would create shortages, drying up credit for the very families they are meant to help and pushing desperate borrowers toward predatory lenders.

BACKGROUND: Credit card interest rates average nearly 21%. This "price" of credit reflects real costs. Lenders must cover deposit interest, rewards programs, fraud prevention, and (often the largest expense) charge-offs, which average more than 5% of balances annually.

After accounting for all expenses, banks' net returns on credit card assets are typically less than 2% annually. Rates are based on individualized risk: CFPB data show effective rates of roughly 11% for super-prime borrowers, 22% for prime, and 25% for subprime. Capping the price of credit does nothing to reduce the cost of providing it. When the mandated price falls below cost, lenders stop lending. A 10% cap would make lending to roughly 60% of Americans unprofitable.

Action Items (Congress, Federal Executive Branch, States):

- Congress and state legislatures should **reject legislation imposing credit card interest rate caps**, including the proposed 10% federal cap and state usury limits.
- **Policymakers should not restrict risk-based pricing,** which allows lenders to serve borrowers across the credit spectrum.

How It Would Make Life More Affordable:

- Rejecting caps helps ensure Americans have access to emergency financing.
  - Borrowing $3,000 for a car repair may cost $300 in interest, but it could be what allows the borrower to keep working.
- Restricting Americans' access to credit would limit what they could buy.
- The evidence on caps is damning: after Illinois imposed a 36% all-in rate cap, lending to subprime borrowers fell 38% and financial well-being worsened.
- Studies show caps increase fees and push borrowers to black-market lenders.

Notable *Harmful* Proposals: Sen. Bernie Sanders' (I-Vt.) 10-Percent Credit Card Interest Rate Cap Act (S. 381); Trump-endorsed one-year 10% cap; Sen. Josh Hawley's (R-Mo.) Capping Credit Card Interest Rates Act (S. 2760 [118th Congr.]) (18% cap); Illinois Predatory Loan Prevention Act (36% all-in APR cap, 2021).

BOTTOMLINE: Usury laws have a more-than-2,000-year track record of failing to achieve their stated aims in societies spanning from ancient Egypt to 18th-century France. An interest rate cap cannot lower the cost of extending credit; it simply cuts off the supply of credit, leading to more credit denials, more bankruptcies, and more families driven to actual loan sharks.

PLYMOUTH INSTITUTE FOR FREE ENTERPRISE

STOP ESG AND DEI

David R. Burton, Senior Fellow in Economic Policy

TOPLINE: DEI and ESG are racist and economically destructive.

BACKGROUND: Although now ubiquitous in large corporations, government, and academia, diversity, equity, and inclusion (DEI) programs are racist and immoral. They reject the principle that everyone is equal under the law and treat people differently based on their race, ethnicity, or sex, rather than merit or character.

Pursuit of Environmental, Social, and Governance (ESG) criteria by investment and corporate managers usually constitutes a violation of fiduciary duties.

Action Items (Congress, the Executive Branch, and States):

- **Prohibit employment discrimination *in favor of or against* any person** based on race, color, ethnicity, religion, biological sex, or national origin.
- **Prohibit requiring, as a condition of employment or promotion, that federal employees or contractors undergo any training or other program teaching** that a particular race, color, ethnicity, religion, biological sex, or national origin is superior, inferior, systematically oppressed, privileged, etc.
- **Close government DEI offices** and **stop agencies from conducting DEI training**.
- **Prohibit the use of funds for DEI purposes** and prohibit federal contractors from engaging in racist practices**.**
- **Clarify that fiduciary responsibilities consider only factors that are financially material** to investors, defining *material* to exclude social and political objectives.
- Require that any ERISA fiduciary, registered investment adviser, or broker-dealer **get individualized written consent from investors or beneficiaries before investing or voting based on anything besides risk-adjusted financial return**.
- **Ensure that state retirement funds are invested solely to achieve a return for state employees** who are pension plan beneficiaries.
- **Modify state rules governing shareholder derivative lawsuits so that directors who violate their fiduciary duties to shareholders face consequences**.
- **Amend the Uniform Prudent Management of Institutional Funds Act** to ensure that state universities and institutions invest funds for the highest return.

How It Would Make Life More Affordable:

- Both DEI and ESG misallocate scarce resources, making the economy less efficient, raising prices and reducing investment returns.

Related Legislation: The Dismantle DEI Act (H.R. 925, S. 382); Protecting Prudent Investment of Retirement Savings Act (H.R. 2988); Protecting Americans' Retirement Savings From Politics Act (H.R. 8286); SEC Act (H.R. 257); ESG Act (H.R. 2358).

BOTTOMLINE: DEI and ESG must be eradicated. They are racist and harmful to employees, investors, and society.

PLYMOUTH INSTITUTE FOR FREE ENTERPRISE

FINRA REFORM

David R. Burton, Senior Fellow in Economic Policy

ADVANCING AMERICAN FREEDOM

TOPLINE: FINRA's regulatory responsibilities should be moved to the SEC. Otherwise, Congress and the SEC need to substantially reform FINRA.

BACKGROUND: Created in 2007, FINRA is the primary regulator of U.S. broker-dealers. In 2025, FINRA had a budget of about $1.7 billion and 3,600 employees. In 2025, the Securities and Exchange Commission (SEC) had a budget of $2.1 billion and 4,100 employees. FINRA is neither a true self-regulatory organization nor a government agency. It is largely unaccountable to the industry or to the public. Due process, transparency, and regulatory-review protections normally associated with regulators are not present. FINRA inadequately protects investors and has had a dramatic negative impact on small broker-dealers who serve entrepreneurs. The number of broker-dealers has fallen 36% from 5,000 in 2007 to 3,184 in 2025.

Action Items (Congress and the SEC): Preferably, FINRA's regulatory functions should be moved to the SEC. Otherwise, FINRA should be reformed as follows:

- **Open FINRA's Board of Governors' meetings to the public** unless the board votes to meet in executive session for allowable reasons. Make FINRA's Board agenda available to the public in advance. Publish and seek comments regarding proposed rulemakings that the Board is expected to consider. Publish Board minutes without delay.
- **Open FINRA arbitration and disciplinary hearings to the public** and report results. Require FINRA arbitrators to make findings of fact and law based on the evidentiary record and demonstrate how those facts led to the award given under the law (except with respect to very small claims). These written FINRA arbitration decisions should be subject to SEC review and limited judicial review.
- **FINRA fines should go to a newly established investor reimbursement fund or to the Treasury**. It should not have a financial interest in imposing fines.
- **Submit an annual report to Congress with detailed information** about budget and fees; enforcement activities; dispute resolution activities; and rulemaking activities. Congress should conduct annual oversight hearings on FINRA.

How FINRA Regulations Have Made Life Less Affordable:

- FINRA imposes a large burden on small broker-dealers who help small firms raise capital. This has forced a great many small broker-dealers to close or merge with larger firms. This has adversely affected innovation and competition, leading to higher prices, greater concentration, and fewer consumer (and investor) choices.

Related Legislation: Restoring Accountability in Market Supervision Act (H.R. 2689).

BOTTOMLINE: FINRA's regulatory responsibilities should be moved to the SEC or substantially reformed.

END THE MUNICIPAL BOND EXCLUSION

Preston Brashers, Research Fellow

ADVANCING **AMERICAN** FREEDOM

TOPLINE: Congress should phase out the federal tax exclusion for interest income from state and local bonds.

BACKGROUND: Taxpayers can exclude interest income received from state and local bonds (referred to as municipal bonds) from their taxable income. In contrast, interest income from *private* sources such as corporate bonds is taxed as ordinary income, *plus* it may be subject to the net investment income tax, meaning it may face a federal tax rate of up to 40.8%. After factoring in state and local taxes, half or more of the gross interest received on private bonds may be taxed away, while municipal bond interest generally goes untaxed. This wide gap in tax treatment leads investors to demand higher interest rates from private borrowers than from state and local borrowers. This drives up borrowing costs for individuals and businesses and discourages private investment. At the same time, the municipal bond exclusion encourages more public spending and debt by acting as an implicit subsidy for state and local borrowing.

States are also allocated a limited amount of "private activity bonds" that they can issue on behalf of private or nonprofit entities for financing specified project types.

Action Items (Congress):

- **Repeal the tax exclusion for interest on newly issued municipal bonds**.
- **Repeal the tax exclusion for interest on private activity bonds** (but not before repealing the exclusion for public bonds).
- To avoid a net tax increase from the change to municipal bond treatment, Congress should **pair the change with offsetting income tax reductions** (ideally with reduced taxes on private investments, such as permanent full and immediate expensing for factories and other structures).

How It Would Make Life More Affordable:

- Ending the municipal bond exclusion would help ease borrowing costs for individuals and businesses who need financing.
- By equalizing the tax treatment of different investments, it would lead to more capital flowing into sound and promising private investments, which, in turn, would support productivity gains and higher wages.

Related Legislation: No Tax Subsidies for Stadiums Act of 2023 (S. 392 [118th Congr.], H.R. 993).

BOTTOMLINE: The federal tax code shouldn't be used to influence capital markets to give preferences to state and local government borrowers over individuals and businesses.

ACCOUNTABILITY AND OVERSIGHT

Ultimately, whatever money the government spends, it gets from taxpayers—whether that money is spent well or spent wastefully. Americans should be able to trust that the government is accountable for how it spends their hard-earned dollars. Unfortunately, that is often not the case. The federal government spends $4.2 trillion in transfer payments per year, or $33,200 per household. With this expansion of government has come widespread waste, fraud, and abuse in federal programs.

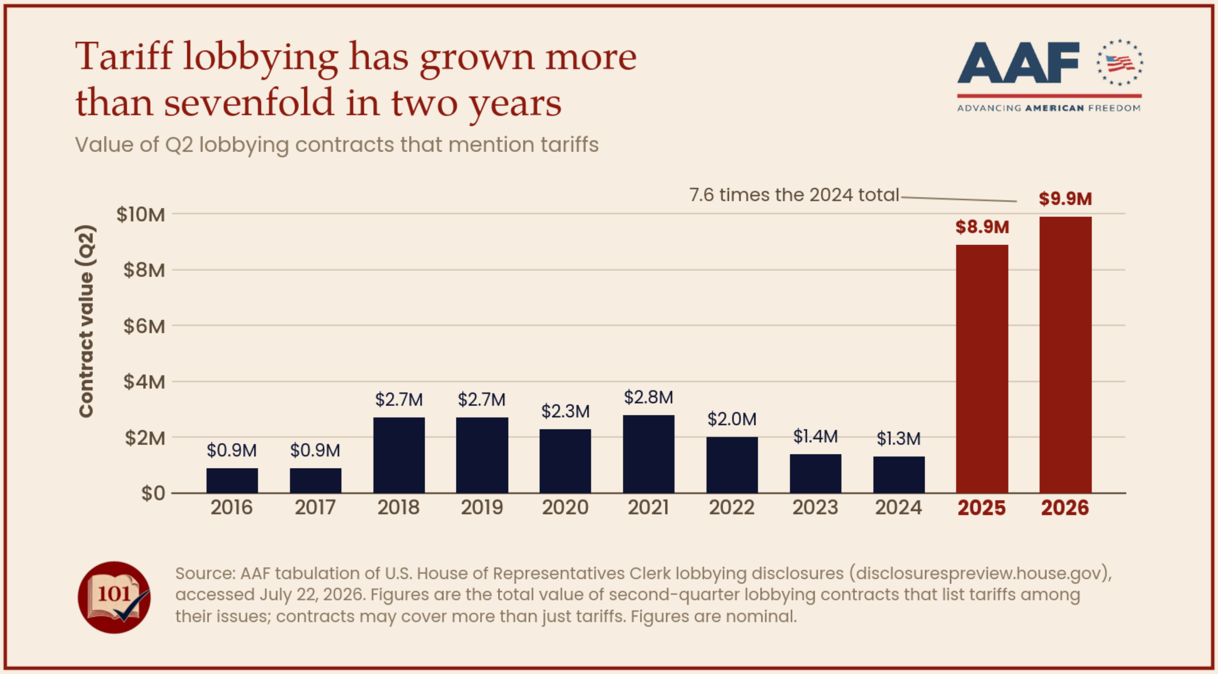
Last year, the federal government reported $184 billion in improper payments—enough to pay for eight weeks of gas and groceries for a typical household. That does not include waste, and most fraud goes undetected. The Government Accountability Office estimates that taxpayers lose between $233 billion and $521 billion per year to fraud—worth about eight weeks of rent and mortgage payments for the entire country.

The problem isn't simply government mistakes. It's that the people spending taxpayer money face few consequences for not stewarding that money well. While households and businesses suffer financially when they engage in mistaken and wasteful spending, government programs typically receive more money to cover their waste.

Congress must require radical transparency and meaningful accountability in federal transfer programs. The federal government should account for every dollar it spends as thoroughly as the IRS accounts for every dollar it collects. States and entities administering federal programs need skin in the game, bearing financial responsibility when they fail to safeguard taxpayer dollars.

The explosion in federal spending has fueled the fires of waste, fraud, and abuse. Welfare benefits have been extended to middle-class households, loopholes allow wealthy individuals to qualify for welfare, and ineffective and complicated programs often trap individuals rather than help them gain independence. Affordability requires consolidating welfare programs and transitioning much of the welfare state back to state and local governments that are better equipped to truly help those in need.

Waste, fraud, and abuse cost Americans dearly, forcing them to pay more for government while getting less in return, diverting resources from more productive uses, and adding to the taxes and debt that are making life less affordable. Government accountability isn't just about good governance—it is essential to affordability.


Tariff lobbying has grown more than sevenfold in two years
AAF
ADVANCING AMERICAN FREEDOM
Value of Q2 lobbying contracts that mention tariffs
7.6 times the 2024 total
Contract value (Q2)
$10M
$8M
$6M
$4M
$2M
$0
$0.9M
$0.9M
$2.7M
$2.7M
$2.3M
$2.8M
$2.0M
$1.4M
$1.3M
$8.9M
$9.9M
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
Source: AAF tabulation of U.S. House of Representatives Clerk lobbying disclosures (disclosurespreview.house.gov), accessed July 22, 2026. Figures are the total value of second-quarter lobbying contracts that list tariffs among their issues; contracts may cover more than just tariffs. Figures are nominal.


Nearly a fifth of personal income comes from government redistribution
AAF
ADVANCING AMERICAN FREEDOM
Today's 19.3% is the highest share on record outside the pandemic
Pandemic relief peaks at 33.5%
19.3%
6.1% in 1959
Transfer receipts as a share of personal income
30%
20%
10%
0%
1960
1980
2000
2020
Monthly, 1959 to 2026
Source: U.S. Bureau of Economic Analysis, Personal Current Transfer Receipts and Personal Income — via FRED. Transfer receipts are predominantly government social benefits: Social Security, Medicare, Medicaid, unemployment insurance, and veterans' benefits.

Plymouth Institute for Free Enterprise

Require a Full Accounting of Federal Benefits

Rachel Greszler, Senior Research Fellow

ADVANCING AMERICAN FREEDOM

TOPLINE: Cracking down on hundreds of billions of dollars in fraud and improper payments requires a full accounting of federal benefits.

BACKGROUND: Every year, Americans must meticulously file and pay their taxes. Employers issue W-2s. Financial institutions issue 1099s. Taxpayers who fail to properly report income face penalties, audits, and potential prosecution by the IRS. Yet when Washington redistributes $4.2 trillion in taxpayer dollars through more than 100 benefit programs, there is remarkably little accountability. We often know the first recipient, such as a state government that administers SNAP or Medicaid, but the federal government lacks the basic infrastructure necessary to follow the money from beginning to end. This makes fighting fraud a lot harder than it needs to be.

The consequences are enormous. The federal government officially reported $184 billion in improper payments last year, which is roughly $1,400, or roughly eight weeks of gas and grocery expenses, per U.S. household. Yet only a few billion dollars of that is classified as "confirmed fraud." The rest goes uncounted. The GAO estimates that fraud in federal programs costs taxpayers between $233 billion and $521 billion annually—roughly eight weeks of rent or mortgage payments for every household in America.

Fraud thrives in darkness, and transparency creates deterrence. Congress should require a full accounting of federal benefits, including establishing two new 1099 tax forms for benefit providers (such as a state agency or managed-care organization) and benefit recipients. Just as existing tax forms allow the IRS to cross-check income reported by employers and employees, these forms would allow federal auditors to compare payments made, benefits distributed, and services received.

Action Items (Congress):

- **Require the same accounting of federal payments as is required of taxpayers' incomes, following federal funds every step from the Treasury to intermediaries to individuals.**

How It Would Make Life More Affordable:

- It would create the infrastructure necessary to reduce fraud and improper payments that cost households at least $1,400 and up to $3,900 annually.

Related Legislation: The TRUST (Transparent Reporting for Uniform Safety-Net Tracking) Act of 2026 (draft legislation).

BOTTOMLINE: By requiring the same accounting of federal spending that the government requires of taxpayers' income, Congress can better detect and deter fraud and errors, saving taxpayers hundreds of billions of dollars per year.

Plymouth Institute for Free Enterprise

Close or Consolidate Federal Offices

Preston Brashers, Research Fellow

ADVANCING AMERICAN FREEDOM

TOPLINE: Congress should close and consolidate federal offices or reduce or eliminate their appropriations to limit questionable federal functions.

BACKGROUND: The USA.gov directory lists more than 400 government departments, agencies, and other federally supported organizations. With a $40 trillion national debt, Congress must scrutinize where federal taxpayer dollars are going. Some agency functions are clearly outside the scope of the federal powers enumerated in the U.S. Constitution. The Departments of Commerce, Education, Energy, Health and Human Services, Housing and Urban Development, and Labor were established relatively late in the nation's history and should be streamlined or consolidated.

Action Items (Congress and the Administration):

- **Eliminate or defund inappropriate or unneeded functions** in the executive branch and independent agencies. Potential areas include:

  Politicized or Identity-Based, e.g., Administration for Native Americans; Minority Business Development Agency; Office of Minority Health; The Women's Bureau; U.S. Commission on Civil Rights; Woodrow Wilson International Center.

  Non-Essential Grantmaking, Scholarship and Research, e.g., The African Development Foundation; Institute of Museum and Library Services; Inter-American Foundation; Office of Policy Development and Research; Rural Business Cooperative Service; Stennis Center; The Udall Foundation; U.S. Institute of Peace.

  Unaccountable Regulators, e.g., Consumer Financial Protection Bureau; Chemical Safety Board; Council on Environmental Quality; Federal Labor Relations Authority.

  Obsolete and Duplicative Informational Activities, e.g., Office of Scientific and Technical Information; FEDLINK; Center for Parent Information and Resources.

  Better Suited for State/Private Efforts, e.g., AmeriCorps; Interagency Council on Homelessness; Job Corps; Legal Services Corporation; Office of Career, Technical, and Adult Education; Office of Elementary and Secondary Education; Office of Postsecondary Education; regional development offices; Rural Development.

  Arts and Culture Better Supported Privately, e.g., Botanic Garden; Commission of Fine Arts; Kennedy Center; National Endowment for the Arts; National Endowment for the Humanities; National Gallery of Art; Smithsonian Institution.

How It Would Make Life More Affordable:

- It could reduce taxpayer obligations by tens of billions of dollars annually.
- It would enhance productivity by reducing the federal bureaucracy and moving more people and resources into the private, productive economy.

BOTTOMLINE: Congress should ensure the government sticks to core functions.

TIE FUNDING TO MEASUREMENT AND REPORTING

Rachel Greszler, Senior Research Fellow

TOPLINE: Taxpayers deserve a full and accurate accounting of how much of their hard-earned tax dollars the federal government spends on improper payments.

BACKGROUND: The federal government reported $184 billion in improper payments last year—equal to about $1,400 per U.S. household. Yet, that is likely a massive understatement because some federal programs don't track improper payments at all, and most that do fail to adequately measure and report their errors. This can result in massive underestimates of actual improper payments. The Obama and Biden Administrations directed Medicaid to exclude eligibility errors from its improper payment counts, despite eligibility errors being the biggest source of improper payments. One analysis estimated that Medicaid undercounted its improper payments by $542 billion over 10 years.

H.R. 1's skin-in-the-game provisions, which require states to pay for a portion of their improper payments, could incentivize states to undercount improper payments to avoid penalties. Congress should require states and other benefit providers, as a condition of accepting federal funds, to follow stipulated and scientifically rigorous measurement processes and to accurately report their improper payments to Congress, including requiring programs that do not currently measure improper payments to do so. Administrations should not be able to change measurements in ways that compromise the integrity of the measures. The related proposal requiring a full accounting of federal benefits (see p. 121) would make it significantly easier to measure improper payments and harder to understate them.

Action Items (Congress and the Administration):

- Congress should **require states and other federal benefit distributors to properly measure and report improper payments as a condition of accepting federal funds**.
- Congress should **require programs that don't measure improper payments to begin doing so.**
- The administration should **ensure agencies comply** with reporting requirements.

How It Would Make Life More Affordable:

- Establishing an accurate count of improper payments is necessary to reduce improper payments through skin-in-the-game requirements.

Related Legislation: Eliminating Fraud and Improper Payments in TANF Act (H.R. 2242).

BOTTOMLINE: Taxpayers deserve to know the true magnitude of improper payments, and states and other welfare administrators will not always accurately measure improper payments unless they face consequences for failing to do so.

INSTITUTE FOR STATISTICAL POLICY ANALYSIS

SITE-NEUTRAL MEDICARE PAYMENTS

Gadai Bulgac, Policy Analyst

ADVANCING **AMERICAN** FREEDOM

TOPLINE: Under the current Medicare system, the government often pays hospitals more than twice what it pays independent physician offices for comparable outpatient services. Congress should make payments the same across the board.

BACKGROUND: Since 1997, the cost of physicians' services has roughly doubled, while prices for hospital services are four-and-a-half times their 1997 level. The justification often cited is that hospitals tend to have more advanced equipment and many more amenities that add to a hospital's financial overhead. To account for this difference, the Medicare program often pays hospitals more than twice as much as physicians' offices for the same outpatient medical procedures, despite no evidence that they deliver higher-quality care.

To take advantage of this legislated pay differential, large hospital systems have increasingly consolidated by purchasing independent physicians' practices and making them "hospital outpatient departments" (HOPDs), allowing them to make more money per procedure. This increases out-of-pocket costs for Medicare beneficiaries and costs taxpayers tens of billions of dollars per year. This Medicare-induced consolidation also raises prices and limits choices for non-Medicare patients.

Action Item (Congress):

- **Enact site-neutral payments** for most non-emergency ambulatory procedures for the Medicare program, making payment schedules for HOPDs the same as for independent physician practices.
  - Congress should avoid repeating the mistake of the Bipartisan Budget Act of 2015, which enacted partial site-neutral payments but was mostly ineffective because it grandfathered in existing off-campus HOPDs and exempted new on-campus HOPDs.

How It Would Make Life More Affordable:

- Aligning payments across sites would reduce premiums and out-of-pocket expenses for beneficiaries and lower Medicare Part B spending by tens of billions of dollars annually.
- Fully implemented Medicare site-neutral payment reform would remove one of the incentives for the consolidation of hospitals and physician practices, leading to more competition and slower growth in overall health care costs.

Related Legislation: Same Care, Lower Cost Act (S. 1629).

BOTTOMLINE: Medicare shouldn't pay more for the same care simply because a hospital owns the building. Expanding site-neutral payments would reduce costs for taxpayers and seniors and reduce hospital consolidation.

Plymouth Institute for Free Enterprise

End State Medicaid Money Laundering Schemes

Rachel Greszler, Senior Research Fellow

TOPLINE: Lawmakers should eliminate Medicaid provider taxes, which amount to legal money laundering of tens of billions of dollars annually by states at the expense of federal taxpayers.

BACKGROUND: Medicaid's so-called provider tax is a gimmick: states charge Medicaid providers like hospitals, HMOs, and nursing homes an artificial tax, keep a portion of it for their own budgets, and return the rest to providers as "payments" that largely replace the "taxes" they paid. By converting a portion of the "tax" to a provider payment, the federal government covers up to 90% of the cost of the payment. Some states like California and New York have used this scheme to shuffle federal Medicaid funds to illegal immigrants or to cover multibillion-dollar holes in their budgets. Rather than rewarding states for efficiently serving Medicaid beneficiaries, the provider tax incentivizes states to maximize federal reimbursements to make up for inefficient Medicaid spending and even to help cover their bloated non-Medicaid budgets.

H.R. 1 prohibited any expansions in the provider tax and phases it down from a 6% maximum tax rate (the rate is a percentage of the provider's revenue) for expansion states by 0.5% per year beginning in 2028 and concluding in 2032 at a 3.5% maximum (with exemptions for nursing homes and certain long-term care providers). The Congressional Budget Office (CBO) estimated that H.R. 1's restrictions will save $183 billion over 10 years, compared to $612 billion for eliminating the provider tax entirely. This leaves roughly $430 billion that could be saved over 10 years by eliminating the provider tax.

Action Items (Congress):

- **Eliminate or at least phase out Medicaid's provider tax scheme**.

How It Would Make Life More Affordable:

- Eliminating the provider tax would reduce unintended federal spending that serves to pad state budgets, prop up insurers' and providers' profits, and inflate costs.
- Requiring states to finance the intended share of their Medicaid costs would curb excessive Medicaid spending and improve taxpayers' bang for their buck.

BOTTOMLINE: Medicaid's provider tax scheme is the antithesis of accountability and efficiency—inflating taxpayer costs and detracting from patient care—and it should be eliminated.

PLYMOUTH INSTITUTE FOR FREE ENTERPRISE

GIVE STATES SKIN IN THE GAME FOR FRAUD

Rachel Greszler, Senior Research Fellow

TOPLINE: States—not federal taxpayers—should have to pay when they issue improper payments and enable fraud.

BACKGROUND: Federally funded and state-administered welfare programs are the epitome of unaccountable and inefficient spending. The federal government opens the spigots of taxpayers' money to states, and states task unelected and job-protected bureaucrats with doling out the money with virtually no consequences for a woeful lack of integrity, efficiency, or accountability. Not surprisingly, states and other welfare benefit providers have little incentive to even make sure the payments they send go to people who are eligible to receive them, or that they issue the correct amount. Last year, the federal government reported $97 billion of improper payments in government health insurance programs alone (the true amount is likely much higher). That's enough to provide health insurance to 3.6 million families or 10.4 million individuals. In food assistance programs, the government reported $12.5 billion in improper payments—enough to cover annual grocery costs for 1.6 million households.

Households that receive no welfare benefits are finding it harder to afford things like health care, groceries, and housing. They should not also have to pay for waste, fraud, and abuse in federal welfare programs. H.R. 1's SNAP cost-sharing reforms represent a remarkable improvement in protecting taxpayers' dollars by better aligning incentives. Beginning in 2028, states with improper SNAP payment rates of 6% or more will be responsible for a portion of benefit costs, up to 15%. Policymakers should apply similar cost-sharing standards based on improper payments to other federal transfer programs. Those who spend taxpayer dollars should share responsibility for protecting them.

Action Items (Congress):

- **Require states and other administrators** of federally funded welfare programs **that issue excessive improper payments to pay for a portion of program costs**.

How It Would Make Life More Affordable:

- Requiring states and other welfare administrators to have skin in the game would incentivize them to significantly reduce improper payments and other waste and fraud that cost taxpayers hundreds of billions of dollars annually.

BOTTOMLINE: No federal funding should be unconditional. Unless states and welfare administrators face consequences for recklessly wasting federal funds, they will have no incentive to protect the integrity of taxpayers' dollars.

Plymouth Institute for Free Enterprise

Equalize Medicaid's FMAP Payments

Rachel Greszler, Senior Research Fellow

TOPLINE: The federal government shouldn't pay states more for able-bodied, working age adults enrolled in Medicaid than it pays for traditional enrollees—children, pregnant women, the disabled, and low-income seniors.

BACKGROUND: Medicaid was established to provide health insurance to vulnerable populations: low-income children, pregnant women, individuals with disabilities, and lower-income elderly. As a joint federal-state program, the federal government reimburses states for a percentage—the federal medical assistance percentage, or FMAP—of Medicaid costs, with the FMAP averaging 57% historically across the states. When Obamacare was enacted, Congress allowed and incentivized states to expand Medicaid to able-bodied working age adults with incomes below 138% of the federal poverty level by providing a 90% FMAP. Thus, for every dollar states spend on traditional enrollees, the federal government pays states about $1.33, versus $9 for every dollar states spend on expansion enrollees.

The expansion now includes 20 million enrollees and has contributed to the doubling of Medicaid costs, from $477 billion in 2013 to $957 billion in 2024—an amount equal to $7,000 for every household in the United States. Because Medicaid providers haven't kept up with the expansion, and because states receive higher reimbursements for expansion enrollees, traditional Medicaid enrollees often face restricted access to care, and hundreds of thousands of individuals with disabilities wait years for home- and community-based care. Medicaid's expansion has also fueled fraud and a near quadrupling of Medicaid's improper payments. A Paragon Health Institute analysis estimated that 46% of all Medicaid expansion enrollees were ineligible for the program in 2024.

Action Items (Congress):

- **Phase down the FMAP for able-bodied expansion enrollees to match the traditional FMAP for vulnerable Medicaid recipients**.

How It Would Make Life More Affordable:

- The CBO estimated that setting the FMAP expansion rate at the same level as the traditional population would reduce deficits by a net $561 billion over 10 years.
- This would reduce waste and abuse and expand access to care for the vulnerable.

Related Legislation: Ending Medicaid Discrimination Against the Most Vulnerable Act (H.R. 3321).

BOTTOMLINE: The federal government shouldn't pay more for health care for able-bodied individuals than for vulnerable individuals.

Close Welfare Eligibility Loopholes

Rachel Greszler, Senior Research Fellow

TOPLINE: Congress should eliminate the Broad-Based Categorical Eligibility (BBCE) loophole that allows millions of otherwise ineligible people to qualify for welfare.

BACKGROUND: BBCE allows states to expand Supplemental Nutrition Assistance Program—SNAP, or food stamps—beyond federal income and asset standards simply through the provision of a nominal welfare benefit that can be as trivial as a brochure.

The Department of Agriculture estimated that this categorical eligibility resulted in 5.6 million individuals who did not meet the federal eligibility standards nonetheless receiving SNAP benefits. Only seven states do not use BBCE and instead apply the federal eligibility and asset standards of SNAP. The percentage of the population that receives SNAP benefits is 50% higher in states that use BBCE (12.3%) than in those that apply federal SNAP standards (8.0%)—and yet, the average poverty rate is identical across both groups. This loophole also opens the door to fraudsters by making it easier to wrongly claim eligibility. An estimated 82% of all improper payments in SNAP came from individuals who claimed eligibility through BBCE.

Action Items (Congress, the Administration, and States):

- Congress should **eliminate BBCE and require states to follow federal SNAP eligibility standards**.
- If Congress does not act, **the administration should implement a rule—one it is working on—to limit BBCE to households receiving substantial cash TANF benefits**, rather than allowing nominal, non-cash benefits to qualify.
- **States should not use BBCE** and should follow federal SNAP eligibility standards.

How It Would Make Life More Affordable:

- Eliminating BBCE would save federal taxpayers an estimated $100 billion and state taxpayers an additional $10 billion between 2026 and 2035.

Related Legislation: No Welfare for the Wealthy Act of 2025 (H.R. 416).

BOTTOMLINE: Congress should protect taxpayer dollars and preserve SNAP benefits for those in need by closing eligibility loopholes that let wealthy people receive welfare.

Plymouth Institute for Free Enterprise

Reform Obamacare and Address Fraud

Preston Brashers, Research Fellow

TOPLINE: Obamacare should be reformed to promote competition, enhance federalism, crack down on fraud, and increase incentives to control costs.

BACKGROUND: Obamacare provides subsidized health insurance through a federal exchange and 23 state exchanges to individuals and families with incomes between 100% and 400% of the federal poverty line (FPL). Between 2021 and 2025, the 400% FPL limitation was eliminated, and there was no upper income cap to qualify for subsidized insurance on the exchanges. Obamacare's subsidies take two main forms:

1) *Premium tax credits (PTCs)*: Refundable tax credits typically taken as advance payments intended to cap premiums on insurance purchased on the exchanges, based on income and family size; and
2) *Cost-sharing reductions*: Additional subsidies for "Silver" plan recipients below 250% of FPL, meant to reduce deductibles, copayments, coinsurance, etc.

Rampant Fraud: Fraud and improper enrollment in Obamacare are widespread. In 2024, the Government Accountability Office (GAO) submitted 20 fake applications with discrepancies, 19 of which received initial approval and 18 remained actively covered in September 2025. A Paragon Health Institute analysis estimated that about 6.4 million enrollees had misreported income in 2025. Health and Human Services reported receiving 44,151 complaints in 2024 alleging people were enrolled in plans without their consent. Insurers have little incentive to control costs because the subsidies generally increase as premiums rise.

Action Items (Congress):

- **Give states the option to replace the PTC subsidies** (in whole or in part) **with contributions to Health Savings Account-style accounts** that individuals control.
- **Set fixed contribution amounts based on income and family size** instead of capping premiums and automatically raising subsidies when premiums rise.
- **Eliminate or restrict third-party enrollments and automatic reenrollments.**
- **Require any excess subsidies received to be *fully* repaid.**

How It Would Make Life More Affordable:

- It would encourage more price competition in exchange premiums.
- Individual accounts would increase price sensitivity and put downward pressure on overall health care prices.
- It would save taxpayer dollars by reducing waste, fraud, and abuse in the program.

Related Legislation: Patient Freedom Act of 2017 (S. 191 [115th Congr.]); Health Care Freedom for Patients Act of 2025 (S. 3386).

BOTTOMLINE: America's health care costs are out of control because the government has taken over and undermined market competition.

Plymouth Institute for Free Enterprise

Limit Welfare to Americans in Need

Rachel Greszler, Senior Research Fellow

ADVANCING AMERICAN FREEDOM

TOPLINE: Congress should limit welfare to those in need instead of forcing taxpayers to subsidize ordinary expenses for nearly a third of the population.

BACKGROUND: Welfare is supposed to be for people with very low or no income, and most means-tested benefits are supposed to be temporary. Yet, even as the percentage of the population living below the poverty level has been very low by historic standards (about 11.5% over the past decade), a recent Census Bureau report finds that 31% of Americans receive at least one out of eight major needs-based benefits. This is up from roughly 21% in 2012 and 14% in 1993. Consequently, federal spending on just two welfare programs—Supplemental Nutrition Assistance Program (SNAP) and Medicaid—has increased in real, inflation-adjusted dollars from $296 billion in 2008 to about $705 billion in 2025.

Recent expansions in welfare benefits have largely accrued to people who are closer to middle-income than poor. For example, SNAP benefits are now available to households with incomes up to 200% of the poverty level, which is $66,000 for a family of four. Obamacare is available up to 400% of the poverty level. For individuals, Obamacare is available up to incomes of $63,840 per year, which is nearly as high as a full-time worker's median $65,400 earnings. For a household of four, Obamacare is available up to incomes of $132,000. Increases in eligibility have also fueled fraud by increasing the magnitude of funds and the number of eligible individuals that fraudsters target.

Requiring federal taxpayers to pay for their own groceries and health insurance, while also paying for the groceries and health insurance of others whose incomes may be as high as or higher than their own, makes it harder for those individuals to afford other expenses like housing.

Action Items (Congress):

- **Scale back recent increases in income eligibility levels for welfare benefits**.

How It Would Make Life More Affordable:

- This would save taxpayers money while preserving welfare programs for those in need.
- By reducing deficit spending, it would help reduce borrowing costs (interest rates) and reduce pressure on the Fed to expand the money supply.

Related Legislation: No Welfare for the Wealthy Act of 2025 (H.R. 416).

BOTTOMLINE: Lowering income eligibility thresholds would save taxpayers money, reduce fraud and improper payments, and better target limited welfare resources toward Americans who need them most.

PLYMOUTH INSTITUTE FOR FREE ENTERPRISE

LIMIT SSDI TO INTENDED POPULATION

Rachel Greszler, Senior Research Fellow

TOPLINE: Unintended use of Social Security's Disability Insurance (SSDI) program increases payroll taxes and restricts income and output by reducing the workforce.

BACKGROUND: Social Security's Disability Insurance (SSDI) program has grown from a 0.5% payroll tax in 1957 to 1.8% today, and the number of SSDI recipients has quadrupled in the past 60 years, from about 2 million to more than 8 million. Much of this growth was caused by expanded eligibility standards, inconsistent and lax determinations, and almost no focus on helping individuals to recover and return to work. These unintended expansions are evident in the number of individuals who qualify for benefits each year—a figure that should not vary much by year if based on actual disabilities. During the Great Recession years of 2009-2012, more than 1 million new beneficiaries were added each year. As the economy improved, that figure fell to just 380,000 in 2023.

One source of SSDI's unintended expansion is the medical-vocational grid, which transformed individualized consideration of age, education, and work history into a rule-based determination. As a result, about 40% of new SSDI awards consider these non-medical factors. A second culprit is the outdated list of jobs available in the national economy, which is used to determine if a job exists that an individual can perform. Internet-based and gig economy jobs—which are more accessible to individuals with limitations—are not on the list, but mule driver, seal killer, and telegram messenger remain. Lastly, the SSDI program does almost nothing to encourage recovery and return to work for those who are capable. Instead, it enables dependency and despondency, with only 3% of beneficiaries ever exiting the program and returning to work.

Action Items (Congress and the Administration):

- Either Congress by statute or the administration by rule should:
  - **Eliminate the medical-vocational grids.**
  - **Require the list of jobs in the economy to be updated every 3 years.**
- Congress should **establish flexible, needs-based SSDI benefits.**

How It Would Make Life More Affordable:

- Reducing the number of unintended recipients could enable Congress to reduce workers' SSDI payroll taxes.
- A larger workforce would increase incomes and output and reduce welfare costs.

Related Legislation: Making DI Work for All Americans Act (H.R. 4854 [116th Congr.]). (The Trump administration is reportedly working on regulations to modernize the list of jobs in the economy and to trim grid qualifications.)

BOTTOMLINE: Reserving disability benefits for those who cannot work minimizes taxes on workers and expands output and incomes.

Plymouth Institute for Free Enterprise

Consolidate Welfare Programs

Rachel Greszler, Senior Research Fellow

TOPLINE: Welfare should help Americans achieve work and upward mobility—not trap them in a web of complicated and often conflicting welfare programs.

BACKGROUND: The federal government has upwards of 90 often duplicative, disjointed, and ineffective welfare and workforce programs spread across dozens of federal agencies and flowing to thousands of state and local agencies and programs. Navigating the web of welfare programs can be extremely confusing, and too many people end up trapped in welfare instead of assisted into work and independence. Utah offers a more successful "one door" alternative: individuals enter just one door—the Department of Workforce Services—and work with just one employment counselor for all of their welfare and workforce needs. Utah's consolidated system is simpler and more efficient for government administrators. It provides consistency in services and shared efficiencies across locations while also providing flexibility for local leaders to meet community-specific needs.

The success of Utah's consolidation from more than 36 welfare services spread across five agencies into one system is undeniable. Based on the most recent data from 2024, Utah's employment-population ratio (66.7) was 6.1 percentage points higher than the U.S. average. That's the equivalent of 16.8 million more workers if spread across the entire United States. More workers equals more growth and lower welfare costs. Since 2017, Utah's real GDP has grown 40%, nearly twice the 22% growth for the U.S. as a whole. And while the federal debt continues to climb to historic highs, Utah's debt burden fell to its lowest level in more than 40 years, even as the state enacted multiple rounds of tax cuts since 2021. While Utah was grandfathered into maintaining its one-door model, federal law prohibits other states from adopting similar consolidations.

Action Items (Congress and States):

- Congress should **consolidate more than 90 welfare programs into 20 or fewer**.
- Congress should **allow all states to adopt one-door welfare models**.
- **States should adopt one-door welfare models like Utah's.**

How It Would Make Life More Affordable:

- More streamlined and effective welfare programs would increase work, incomes, economic output, and personal and societal well-being.
- Eliminating waste and duplication and making welfare work-oriented would reduce government spending and taxes.

Related Legislation: One Door to Work Act (H.R. 2651).

BOTTOMLINE: Duplicative and ineffective welfare programs raise costs for taxpayers and do a disservice to welfare recipients by limiting incomes and opportunities.

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Acknowledgements

Affordability 101 also benefited from invaluable contributions from: Madeline Alfonso, Stuart Deery, A.J. Dieterle, Davison Drumm, Zechariah Hall, Timothy Harper, Julia Jensen, Kat Miller, Jonn Peluso, Hans Von Spakovsky, and Jonah Wendt.

NOTE ON REFERENCES

Links for hyperlinked text throughout Affordability 101 are available on the website version at: www.advancingamericanfreedom.com/Affordability101.

MAKING AMERICA AFFORDABLE AGAIN

Advancing American Freedom's *Affordability 101* is the ultimate policy guide on how policymakers can make practical changes that will help the American people prosper.

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- ✓ Abundant Energy and Natural Resources
- ✓ Freedom to Work and Enterprise
- ✓ Freedom to Build
- ✓ Freedom to Invoate and Compete
- ✓ Tax Reform
- ✓ Free Trade and Commerce
- ✓ Fiscal Restraint
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